



National Audit Office

Good practice in annual reporting February 2020



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Examples of good practice from the
Building Public Trust Awards



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Introduction

In our latest interactive guide, we set out our good-practice principles for good annual reporting and provide illustrative examples taken from organisations we think are leading the way in this area.

The majority of these examples come from the annual reports and accounts of the winners and shortlisted entries to PwC's Building Public Trust Awards 2019. We have drawn other examples from organisations we audit.

The Building Public Trust Awards recognise trust and transparency in corporate reporting and cover a range of sectors. The National Audit Office (NAO), with PwC, co-sponsors the award for Reporting in the Public Sector. The 2019 winner of the public sector award was Great Ormond Street Hospital for Children NHS Foundation Trust, with HM Revenue & Customs and the Crown Estate being highly commended.

High-quality annual reports and accounts are fundamental to effective accountability – here's why Annual Reports and Accounts are a key means by which an organisation 'tells its story'. Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation's strategy and the risks it faces, how much taxpayers' money has been spent and on what, and what has been achieved as a result.

Good reporting equips stakeholders with trusted information which they can use to hold organisations to account. This is why high-quality annual reports and accounts are fundamental to effective accountability.

We have seen some improvements in reporting in the public sector

Following recent corporate failures, we are all aware of the criticism faced by the accountancy and audit profession, standard setters and regulators. The criticism includes, among other things, that annual reports and financial statements have become more difficult to follow because of their complexity. The public sector may have different priorities and motivations, but it is not immune to these risks. Indeed, Parliamentarians have called for improvements to government's performance and accountability reporting in annual reports and accounts.

Our role as the auditor of central government and its arm's-length bodies means that NAO audit teams review each central government body's annual report and accounts every year – that is almost 400 sets of accounts in total. This gives us a unique perspective on the quality of annual reporting right across the sector and how this is changing over time.

This year, the Building Public Trust Awards 2019 judging panel – which I sit on – noted an improvement in public sector annual reporting among the stronger performers, including in overall clarity. We also saw greater transparency of organisational risk reporting, including better descriptions of the impact of risk on an organisation's ability to deliver its strategy and meet its objectives.

More broadly, through our wider audit work at the NAO, we have seen the effort organisations have put in to account transparently for significant, complex transactions under new financial reporting standards. On the other hand, we feel organisations can still do more to produce fully integrated reports, where the annual report more closely complements and narrates the financial performance and position reported in the financial statements. Stronger performers in this area tell us that early engagement and careful planning is vital. We, therefore, encourage organisations to engage early with internal and external parties when considering the content and presentation of their annual report and accounts, as this can help bridge the gap between the 'two halves of the story'.

We also urge public sector organisations to go further in their quest to present a balanced and objective narrative of what they have achieved, together with the challenges they have faced along the way, and to do this in a manner which is engaging for stakeholders and users of public services. The organisations shortlisted for the Building Public Trust Awards 2019 public sector award achieved this ambition.

Good-practice principles for high-quality annual reporting

In this guide we set out four good-practice principles that we believe underpin good annual reporting. These principles are **Accountability**, **Transparency** and **Accessibility**, leading to a report which is **Understandable**.

Here, we aim to provide a comprehensive, easy-to-use good-practice guide, based on these principles. We have hand-picked examples of good practice for each of the main elements that form part of an annual report. Our examples range across the public, private and charity sectors. That is because the fundamentals of good reporting are the same irrespective of the sector. We have drawn many of our examples from the annual reports and accounts of the winners and runners-up of the Building Public Trust Awards 2019.

We hope that you will find this guide a source of inspiration as you consider what to include and how to present your annual report and accounts this year. We look forward to continuing to work with the bodies we audit, Parliament and our wider stakeholders, to support ongoing improvements in public sector reporting.

If you would like further information about the guide, or any aspect of annual report and accounts production and audit, please contact your usual NAO team, or get in touch via Building.Public.Trust@nao.org.uk

Kate Mathers

Executive Leader
National Audit Office
February 2020



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The NAO and the Building Public Trust Awards

What are the Building Public Trust Awards?



The Building Public Trust Awards recognise trust and transparency in corporate reporting.



14 awards presented.



Established in 2002.



One of the awards is co-sponsored by the NAO and is for Reporting in the Public Sector.

Reporting in the Public Sector



In 2019, the award for Reporting in the Public Sector was won by Great Ormond Street Hospital for Children NHS Foundation Trust



71 public sector annual reports and accounts were reviewed by teams from the NAO and PwC.



The judging panel assessed each annual report in a number of areas. These represent the main elements we would expect to be included in an annual report.



The NAO's involvement with the Building Public Trust Awards is part of our wider commitment to helping raise the standards of reporting by public bodies.

The judging areas

In concluding how each body performed against the four good-practice principles, we considered seven areas we would expect to see which are vital in portraying a fair and balanced view of each body.

Click on the categories below – the following pages summarise the criteria we adopted in each of these areas and highlight examples of best practice drawn from those bodies considered as part of the Building Public Trust Awards.



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If you would like to nominate your organisation for an award please contact us at Building.Public.Trust@nao.org.uk for further information.



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Essential features of a good annual report

The basis of a good annual report is the ability of organisations to tell their 'corporate' story in a way that appeals to a variety of stakeholders and to really understand the influence and impact they can have on their audience and wider society.

The NAO has set out four key principles that can help bodies prepare high-quality annual reports.

Accountability



Good reporting:

- 'tells the story' of the organisation in a fair and balanced way;
- demonstrates compliance with relevant reporting requirements;
- describes clear action points to take forward; and
- incorporates non-financial reporting, such as climate change targets.

Transparency



Good reporting:

- includes frank and honest analysis;
- does not avoid the challenges an organisation is facing;
- makes appropriate use of data;
- quantifies risks and performance measures; and
- demonstrates an understanding of the organisation's activities on the wider society.

Accessibility



Good reporting:

- fully integrates key financial statement trends within the narrative;
- includes concise summaries of key points;
- considers how the organisation engages with key stakeholders and meets their needs; and
- explores different ways that an organisation can engage and influence their stakeholders.

Understandable



Good reporting:

- uses plain English to explain difficult concepts;
- uses infographics and diagrams to communicate important messages; and
- has a clearly integrated structure to help users navigate it effectively.



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What did we look for?

- Clarity around purpose, strategic objectives and key programmes/projects
- Frank and honest view of progress against objectives
- Clear description of plans to implement priorities
- Strategy clearly integrated with performance measures, risks and financial information



An organisation's corporate strategy is the focal point of the report



Strategic objectives are clearly aligned with key risks and future priorities



Transparency about the material issues affecting the strategic priorities



Challenges are explicitly addressed, not avoided



Strategy is integrated with the financial statements

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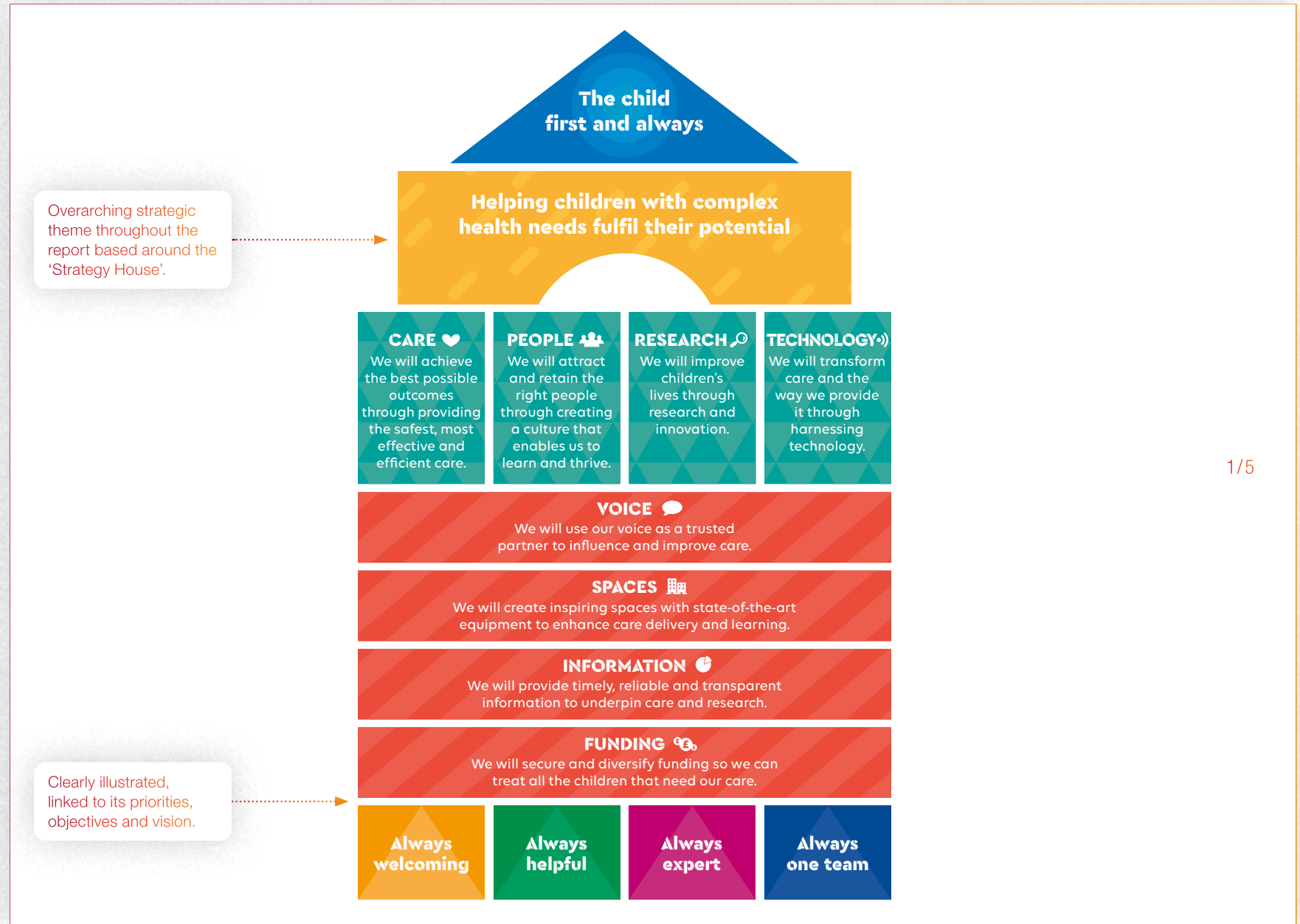
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1 An organisation's corporate strategy is the focal point of the report



Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH) 2018-19, (page 13)





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2 Strategic objectives are clearly aligned with key risks and future priorities

Our Strategy

Tideway has made significant progress to deliver the Thames Tideway Tunnel in line with its vision, values and company objectives to deliver for all our key stakeholders.

Looking ahead to 2019/20, the Executive Team and Board have reviewed and developed targets and aspirations for the year. We do this by assessing our performance during the year including stakeholder feedback, the external environment and the phase of the project. We observed that the external environment had changed quite significantly, particularly relating to the political and supply chain space, and the understanding of this helped shape our future priorities. Our review resulted in refinements to our long-term objectives and priorities. The notable change was the addition of a priority to 'be in a position to handback sites or parts of sites on completion of construction (including architecture and landscaping) and worksite testing'.

By the end of March 2020, we aim to be in a position that tunnelling will be substantially complete in both West and Central areas and three quarters of shaft excavations will be complete. Building on the lessons we have learnt so far and staying true to our values, we will:

- retain our focus on safety and continue to work towards our ambition to safely deliver the Thames Tideway Tunnel and in doing so reconnect London with the River Thames;
- maintain high-performing tunnelling and marine operations, learning lessons quickly and ensuring they are shared across the project;
- continue to drive all reasonable cost efficiencies across the project and safely deliver the best value for money schedule;
- develop a steady state operating model for the Post Acceptance period and a transition plan from 2020 onwards; and
- maintain the current positive stakeholder environment

HEALTH, SAFETY & WELLBEING



Objective

We are targeting zero fatalities or serious injuries, off or on-site. We will achieve this by setting new standards for health, safety and wellbeing. This is the right thing to do for those involved, as well as improving productivity and reducing the chance of delays or stoppages.

Key Long Term Activities

A HSW programme which is recognised as transformational in comparison to previous projects

Delivering HSW the 'RightWay', in line with the delivery programme, verified by appropriate assurance

Maintain a focus on health & wellbeing to achieve relative parity with safety

Drive for an equivalent high level of HSW performance in the marine environment

Priorities for 2019/20

- ◆ Reinforce HSW performance in the construction phase which shows improvement in comparison to previous projects
- ◆ Ensure the MWCs' marine operations (including other safety critical operations) are in line with our requirements

Relevant Principal Risks:

- Health, safety and wellbeing
- High impact, low probability events

◆ Denotes amendment from 2018/19 to 2019/20

SCHEDULE, COST & QUALITY



Objective

We want to deliver the Thames Tideway Tunnel safely at the right quality and to best value. Finishing earlier would reduce cost, benefiting bill payers and investors, and deliver environmental benefits more quickly and reduce disruption to local residents.

Key Long Term Activities

Enabling all our delivery partners to safely deliver the project more efficiently and at lower cost, and using the Alliance to best effect

Maintaining our focus on delivering a high-quality, fit for purpose asset and its integration into the wider sewer network

Priorities for 2019/20

- Working with the Programme Manager to deliver the best value for money schedule possible
- ◆ Be in a position to handback sites or parts of sites on completion of construction including architecture and landscaping and worksite testing
- ◆ Develop our relationship with TWUL to support efficient delivery and deliver to the joint plan for commissioning and handover
- Seeking and implementing all appropriate opportunities to increase efficiency
- Ensuring that the asset being delivered is of the right quality

Relevant Principal Risks:

- Programme delivery
- Supply chain failure
- High impact, low probability events
- Interfaces with Thames Water infrastructure
- Regulatory and political
- Brexit

The company's strategic objectives clearly integrated with the key risks and forward look to 2019-20 priorities.



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3 Transparency about the material issues affecting the strategic priorities

Our Corporate Strategy

Our Corporate Strategy establishes an approach to investing, developing and managing our real estate which is focused on our customers.

One view

Our aspiration is to transform ourselves from a traditional property manager and investor, into a customer-centric business that delivers a range of products and services through its real estate.

We believe that building enduring, mutually beneficial partnerships with our customers is the best route to ensuring their success and, in turn, embedding resilience into our business.

Performance

This year, to complement our established approach to managing, developing and investing in real estate, our Corporate Strategy also sets out the principles that will help to achieve a longer-term transformation.

This means actively considering the breadth and diversity of skills that we require; ensuring we have the most effective relationship with our partners and supply chain; investing further in technology, data and digital tools; and reconsidering our governance and processes to ensure they are optimised to deliver the best customer experience.

Governance

In a real estate context we will continue to focus on mixed-use assets in the West End, retail and leisure-focused destinations across the country and to enable the future of offshore wind. In doing so, we continue to refine our ways of working to ensure that we understand and are responsive to customer needs.

Our strategy is grounded in our purpose, building upon the positive role that we play in society and our commitment to acting responsibly.

Financials

Our purpose

Brilliant places through conscious commercialism

Brilliant places help our customers achieve their goals. They are places our customers want to work in, where businesses choose to invest, spaces that people want to visit and where local communities thrive.

Conscious commercialism describes our approach to doing business and managing our portfolios, and the way in which we deliver positive impacts for our customers, partners, communities and the environment.

Our Corporate Strategy

Our Corporate Strategy establishes an approach to investing, developing and managing our real estate which is focused on our customers.

This approach is informed by our strategic review of risk and opportunity. It will be enabled by investment in our operational capabilities, ensuring we have the right skills and culture to deliver success and building partnerships with our customers and supply chain.

Our four strategic objectives:

Actively manage our assets to drive sustainable outperformance against our commercial targets

Build ever stronger relationships through high levels of customer and partner satisfaction, loyalty and recommendation

Nurture a high-performance culture and reputation as a brilliant place to work

Be a leading responsible and resilient business which thinks long term

See pages 12-13

Our business model

We specialise in sectors where we have critical mass and expertise, enabling us to realise our competitive advantage and outperform the market.

We are focused on achieving our financial and non-financial targets through the investment, development and management of real estate to meet our customers' needs, while being conscious of our wider impact on our stakeholders, communities and the environment.

See pages 14-15

Our material issues

Understanding and addressing the issues which are most pertinent to the resilience of our business is critical to our long-term success.

One view

Changes to the way people work and spend their time

The ways that people work and choose to spend their time continue to evolve, and this has a significant influence on our offer and our continued ability to ensure that our customers can achieve their goals.

Reputation and trust

The trust of our stakeholders, customers, partners and wider society, alongside the reputation of our brand, is fundamental to our ability to operate successfully and deliver through our value chain.

Impact of technology and data on the business

Technology is driving change in our world, challenging traditional models and ways of working across our markets, as well as bringing new opportunities to deliver enhanced products and improved customer experiences.

Availability of skills and talent

With increased competition for the best skills and talent, it is essential that we are able to attract and retain a diverse range of skills and expertise; and that our customers and partners can do the same.

Strategic relationships

The strength of our relationships across our supply chain is critical to our business. Our strategic joint venture and service delivery partnerships are central to how we access capital, manage and grow our business.

Health of the economy

The health of the economy impacts on our business, as it influences customer demand and their ability to pay for our products and services. Political uncertainty, including Brexit, also impacts our capacity to achieve sustainable long-term growth.

London's place in the world

Given our extensive central London holdings, the capital's position as a thriving world city and an attractive place to live and work, is crucial to our future success.

The natural environment

Our ability to deliver on our purpose is impacted by our planet's finite resources, growing population and the consequent pressure on our climate, as well as on the natural and built environments.

Government policy and constitutional change

Changes to the constitution, Government policy and regulations influence our operational portfolios and the markets within which we operate.

In identifying our material issues we consider a broad range of factors affecting our business, including global trends such as technological advances, demographic change, the health of the economy and climate change. The resulting material issues are those which we consider as having the potential to materially impact our current and future strategy.

Our material issues exercise is an integral part of our strategy development. The risks and opportunities arising from the assessment of our material issues inform our evolving strategy and its implementation through the activities in the business model.

This exercise is complemented and challenged by external expertise. This means we can capture a breadth of perspectives from our customers and stakeholders, as we believe it helps us to embed resilience into our Corporate Strategy.

More detail on the process we undertake to define our material issues, and how this fits into our strategic architecture, can be found on pages 42-43.

One view

Performance

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Transparency about the material issues the Crown Estate is facing and how they are interlinked to its purpose, corporate strategy and business model.



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4 Challenges are explicitly addressed, not avoided



Our strategic priorities Leading customer experience

In order to be the best bank for customers, we recognise that we must continue to adapt to changes in customer behaviour, technology-driven competition and regulation. Our propositions must be reflective of heightened customer expectations for ease of access, personalisation and relevance, as well as the needs created by changing life patterns.

Progress in 2018

In 2018 we have made significant progress in enhancing our digital propositions and branch network to reflect changing customer preferences, while also increasing personalisation.

Building a market leading digital experience

In a year in which we met more of our customers' simple needs via mobile than any other channel for the first time, we have made a number of functionality enhancements designed to put customers more in control of their finances digitally.

We were the first large UK bank to meet the regulatory deadline for Open Banking. We have built on this success, launching our API-enabled aggregation functionality in the fourth quarter. Through this customers are now able to view their current accounts with us alongside those held outside of the Group.

We have also launched enhanced security and anti-fraud features including location based transaction searches and the ability to freeze and unfreeze cards via mobile, with other functionality enhancements including improved statement searches, smart alerts and upcoming payment notifications.

#1 branch network, serving complex needs

Customers continue to prefer face-to-face contact for more complex needs. We therefore remain committed to maintaining the UK's largest branch network as part of our multi-channel proposition, while tailoring it to continue meeting these complex needs effectively. Highlights include the opening of our flagship Halifax branch in London's Oxford Street, 16 additional routes for our mobile branch fleet, which now serves over 210 locations, the roll-out of remote advice functionality, with 270 branches now linking

directly to dedicated mortgage advisers, and enhancements that have enabled branch colleagues to spend more time meeting customers' complex needs.

Personalising our customer proposition

Given our extensive insight, we are well positioned to meet the growing demand for personalised customer propositions. As part of our overall response to this significant opportunity, we recently launched our Lend a Hand mortgage proposition that meets the needs of borrowers without a deposit to get onto the housing ladder, while also offering market leading savings rates to family members or other supporters who are willing to provide this deposit on their behalf. In addition, the strength of our Club Lloyds proposition has enabled strong deposit growth. These and other initiatives have enabled us to increase personalisation and to achieve growth of over £4 billion in underrepresented segments.

Focus for 2019

We will build on these strong foundations by continuing to enhance our digital functionality to meet customers' simple needs, while also ensuring that our branch network continues to meet complex needs effectively. In 2019, we have already made our Open Banking capability available to all our Lloyds, Halifax and Bank of Scotland mobile app customers, with the significant broadening of the range of products they are able to aggregate later in the year putting them more in control of their finances. In addition we will retain our focus on using our significant data insight to develop products that are more tailored to our customers' specific needs.

KEY OBJECTIVES FOR 2018 TO 2020

Remain number 1 UK digital bank with Open Banking functionality

Unrivalled reach with UK's largest branch network, serving complex needs

Data-driven and personalised customer propositions

MEASURING PERFORMANCE

15.7 million

Digitally active customers

>£4 billion

Balance growth in underrepresented segments

Key strategic objectives and reference to KPIs.

Each strategic priority has a dedicated page which details progress in-year and focus for the future.

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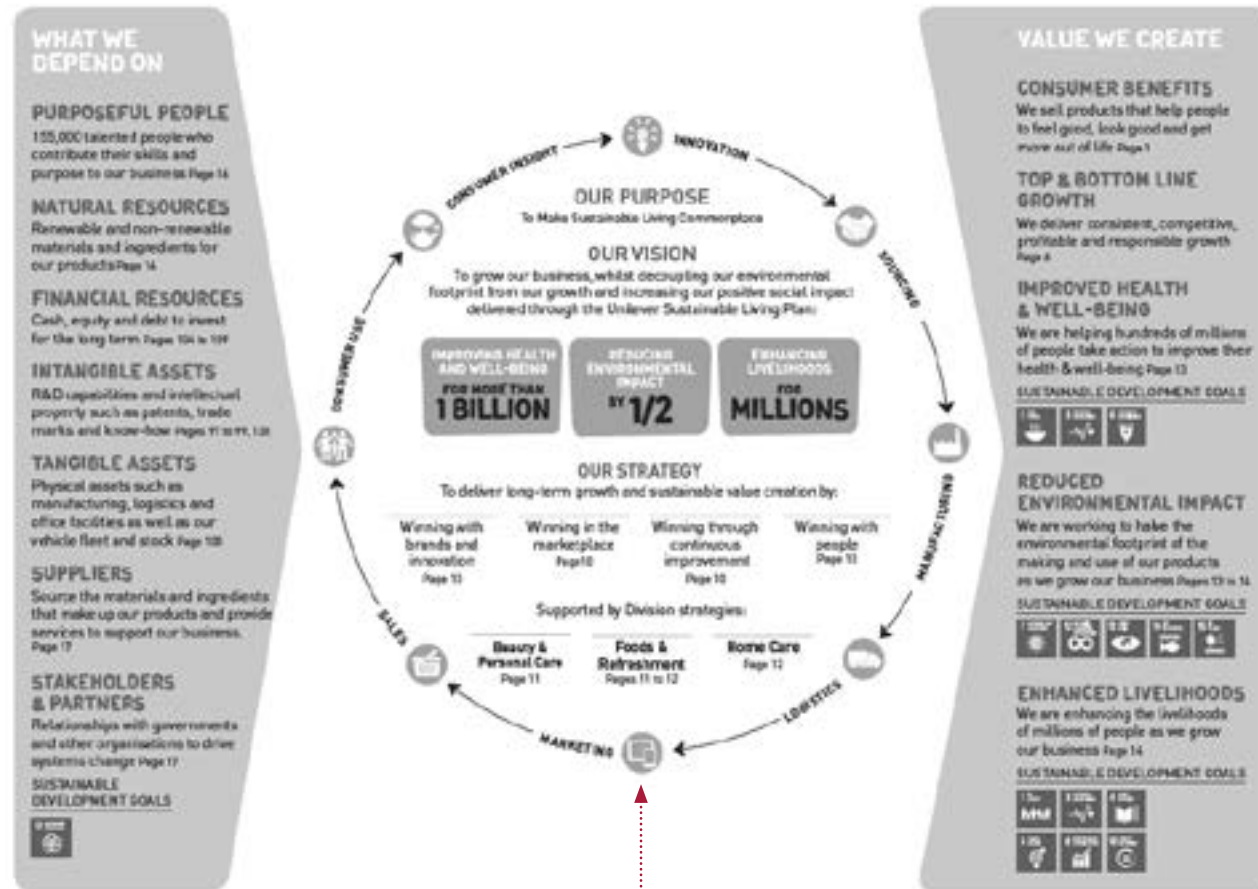
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5 Strategy is integrated with the financial statements



Example of integrated annual reporting – Unilever ties its corporate strategy back to the financial statements by showing key balance sheet items as an enabler.

Unilever has a refreshing way of presenting its corporate strategy by starting with its enablers and showing the journey through to the value created.



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RISKS



What did we look for?

- Easy to understand explanation of the organisation's structure
- Clear links between risks, strategic objectives and the annual report narrative
- Quantified risks and mitigations
- Tells the story of how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed



Clear linkage between each risk and the strategic priorities



Frank and honest assessment of risk both pre- and post-mitigation



Clear presentation of principal risks grouped by theme



Clear and transparent accountability throughout the business in managing risk



Realistic about the impact of risks on the organisation

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1 Clear linkage between each risk and the strategic priorities



HM Courts and Tribunals Service 2018-19, (pages 66 and 67)

Clear linkage between the risk and strategic priority, depicted by an icon showing how closely aligned to the strategic priority each risk is.

Key				
Relation of risk to key priorities	Modern technology	Modern settings	Modern capability	Relates to all three priorities
Risk movement	Risk increase	Risk decrease	No risk movement	
Risk theme /description	Strategic priority	Key controls and activities to manage risks	Risk movement (did risk reach target)	
Finance risks HMCTS is not financially sustainable during and when the change portfolio is delivered.		The financial control system failure risk was removed from the register at the end of the year, as it had met its target score and no longer represented a significant risk. The Financial sustainability risk has been managed through developing a detailed understanding of the financial pressures we face, and the changes in workload in the work we do. We are also planning for the next cross-government spending review, by building a detailed understanding of the costs we are likely to face in the next 3-5 years.	n/a Risk removed from register.	
Security and Safety HMCTS does not effectively manage Safety & Security.		We have Health safety and security policies in place which are continuously monitored to ensure they are applied and remain current and appropriate. We allocated £3million additional funding to bringing hearing rooms up to appropriate security standards. In addition, we have increased external 'penetration testing' of our buildings following an increasing number of incidents. The results are monitored and used to identify improvements that can be made. This risk is above target and will continue to be on the register in 2019-20.	The risk changed through the year between 'medium' and 'high', particularly through the October to January months. The risk though ended the year at a 'high'. Risk has remained at a 'high' all year.	

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2 Frank and honest assessment of risk both pre- and post-mitigation



Transparent assessment of risks highlighting the impact (if any) of mitigating actions. This type of analysis is common within the risk register, but it is refreshing to see the inclusion of the assessment within the annual report.

Delivering to customers and communities

	Strategic risk	Summary of mitigation
<p> Raw risk</p> <p> Current risk</p>	<p>We do not listen to, influence or respond to changes in our customers' and stakeholders' expectations effectively, which might result in a poor level of customer service being delivered</p>	<ul style="list-style-type: none"> Our Executive-led Customer Group oversees cross-business activity and ensures that it is in line with our Customer Service Strategy We have appointed customer service directors, who are responsible for understanding the needs of our customers within their business areas as well as delivering their element of the <i>Customer Service Plan</i>

Customer service is one of our three imperatives and is an integrated part of our continuous improvement culture. Our customer satisfaction score for roadworks is at its highest level since the beginning of the current road period. We illustrate what we are currently doing in this area on pages 78-79.

<p> Raw risk</p> <p> Current risk</p>	<p>We do not manage our Company narrative effectively, which might result in reputational damage that undermines our capability and achievements</p>	<ul style="list-style-type: none"> We have developed a corporate back-story to portray Highways England's reputation. This is applied across all communications, both internally and externally, with our Corporate Editor reviewing key documents to ensure we use a consistent tone of voice We use our supply chain Engagement Council to communicate key messages and briefings with our contractor community Our strategic stakeholder engagement is supported by a full communications plan, which is reviewed regularly to ensure it is relevant and consistent
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We made good progress this year delivering to plan and with strong financial results. For further commentary on our performance, see our Chairman's and Chief Executive's statements on pages 10-13.

Delivering performance and efficiency

	Strategic risk	Summary of mitigation
<p> Raw risk</p> <p> Current risk</p>	<p>Government actions to improve air quality may impact on the ability to achieve our Licence obligations, internal performance indicators and deliver our capital programme</p>	<ul style="list-style-type: none"> We are working with the Department for Environment, Food and Rural Affairs and the DfT to support Government's <i>Air Quality Plan</i> – including engagement with local authorities Our Air Pollution Strategy Board monitors the delivery of our Air Quality Strategy. This board includes representatives from the DfT, the Department for Environment, Food and Rural Affairs and the Office for Low Emission Vehicles Our Major Projects Air Quality Roads Board manages scheme-level air quality risks and considers interventions to mitigate air quality impacts

We are working closely with Government to address air quality. We have advanced plans to understand our air quality challenges and to introduce mitigations where possible, which you can read about on pages 53-54.



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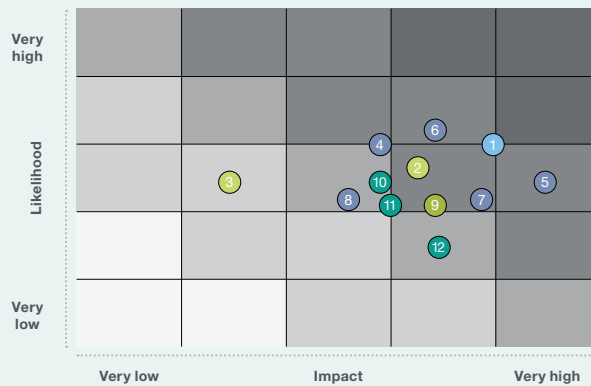
RISKS

3 Clear presentation of principal risks grouped by theme



Our principal risks and opportunities

The principal risks and opportunities we face in managing The Crown Estate and delivering our objectives are set out below and in the table overleaf. They are largely related to our portfolio of assets and are typical of a real estate organisation. These are not the only risks associated with The Crown Estate. The risks are grouped by risk theme rather than order of importance.



Our top risks and opportunities

- 1 Investment performance and economic uncertainty
- 2 Development strategy and implementation
- 3 Responsible business (new risk)
- 4 Ability to manage a major incident
- 5 Information security
- 6 Digital risk and opportunity
- 7 Change risk and opportunity (new risk)
- 8 Supply chain risk (new risk)
- 9 People risk and opportunity
- 10 Health and safety
- 11 Government policy
- 12 Strategic relationships with our partners

Note: the heat map highlights net-risk, after taking account of principal mitigations.

Our KPIs

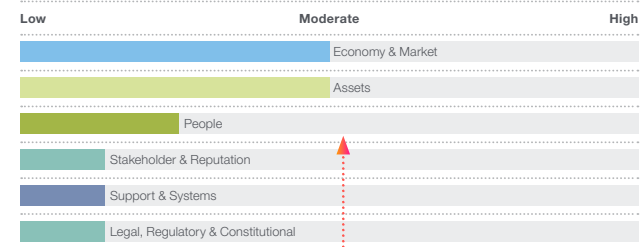
- 1 Revenue profit growth
- 2 Total return
- 3 Employee survey 'brilliant place to work' score
- 4 Customer satisfaction score
- 5 Carbon emissions
- 6 Health and safety overall Incident Sev

Risk and opportunity	Material issues
Economy & Market 1 2 1 – Investment performance and economic uncertainty Our investment performance and ultimately our long-term strategy are key to driving total return and a strong income stream to the Treasury. Inevitably this is impacted by both external and internal factors, from the economy and consumer confidence to how we make investment decisions and constraints to delivery of our strategy i.e. limited availability/timing of access to funds, although we believe our long-term focus makes our business resilient. Economic uncertainty and pressures on the retail sector could threaten the achievement of our total return benchmark. This could be further compounded by the impact of the UK's withdrawal from the EU and manifest in the following ways: (a) Weakening occupier demand and tenant failures that result in increased voids and defaults, particularly across our Central London and Regional portfolios, which have significant exposure to retail, leisure and office sectors. (b) Replacement of subsidies available to our tenant farmers. Reduced subsidies or alternate support mechanisms could lead to adverse profitability, downward pressure on rents and potential defaults. (c) Financing constraints, devaluation of sterling, and post-2020 subsidy funding could impact offshore wind project delivery resulting in slower than projected rate of growth in energy capacity and hence a reduced rate of growth in our income from offshore wind.	Reputation and trust Health of the economy Strategic relationships Changes to the way people work and spend their time

The following pages go into further detail of each risk and have direct links to the Crown Estate's KPIs.

3/5

Summary risk appetite



Clear presentation of principal risks which are grouped according to theme rather than by order of importance to highlight which area of the business carries the most risk.

Risks are ranked according to risk appetite to demonstrate management's propensity to risk.

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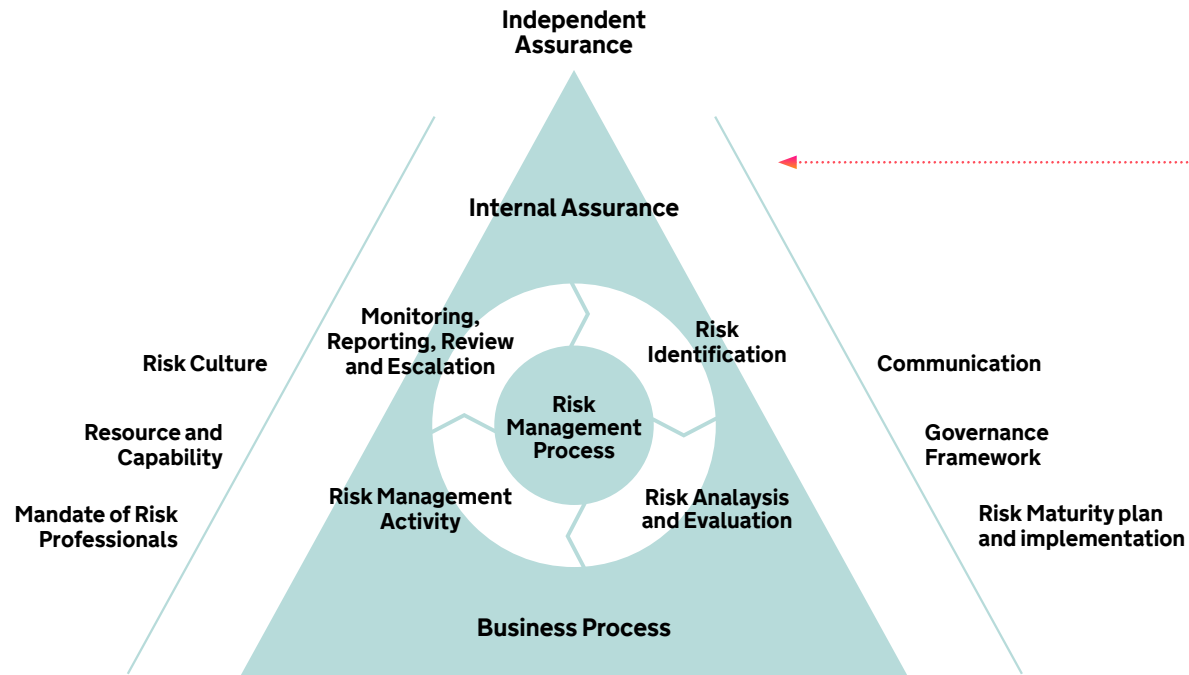
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4 Clear and transparent accountability throughout the business in managing risk



Figure 12: Our risk framework



The 'three lines of defence' risk assessment diagram emphasises accountability in HMRC's management of risk.



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RISKS

5

Realistic about the impact of risks on the organisation



Principal Risks and Uncertainties

Business interruption

Risk description

Delivery of the Group’s business plan requires continuity of business operations. In the event of disruption, the Group needs to restore activity as safely and as quickly as possible.

Context

The Group’s business environment has ageing facilities and infrastructure, including some of the non-property assets such as plant and equipment. The operational environment includes aircraft maintenance activities, processes and manufacturing.

Severe but plausible scenarios

Serious incident resulting in closure of airport. Unplanned disruption to delivery of core ICT systems and services necessary to support operation of the business. Loss of regulatory approvals in relation to suitable facilities. Loss of use of business-critical buildings or utilities through storm damage, fire, explosion, vehicle or aircraft impact, or on-site contractors.

Cyber attack

Risk description

Operational disruption, commercial penalties, and/or reputational damage associated with a successful cyber-attack on ICT infrastructure.

Context

The threat environment is continually evolving. MADG, as a defence company, is at a higher risk of being targeted by a high end sophisticated “sleeper” or “gathering” attack which does not readily present visible symptoms.

Severe but plausible scenarios

Operational disruption caused by ICT infrastructure disruption. Loss of engineering design data compromising national security resulting in inability to tender for secure government programmes. Employee data loss. Operational costs associated with remediation activities necessary in the event of a significant or sustained breach.

Contract delay

Risk description

Significant delay and cost escalation in our most complex engineering project, resulting in significant losses being recorded and unbudgeted cash requirements.

Context

The Group continues to review estimated costs to complete and monitor progress against the key milestones embedded in the project.

Severe but plausible scenarios

Further programme delay gives rise to risk of liquidated damages, impact on reputation and brand, and reduction in ability to win new complex engineering contracts.

Frank and honest analysis of risks, including being realistic about “severe but plausible scenarios” which shows that Marshall is prepared for potential eventualities.



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What did we look for?

- Clear explanation of different delivery models used, the reasons for using these models and how they achieved value for money
- Narrative around how business operations support wider Parliamentary (or other) objectives
- For significant contracted-out services: discussion of how these contracts are awarded and how the entity manages the ongoing contract
- Consideration of capital investment and how it achieves value for money
- Non-financial reporting included alongside financial reporting



1 Creative illustration of an organisation's operations



2 Honest articulation of the type of stakeholder an organisation is looking for



3 Clear links between operational structure and vision



4 An infographic with key facts and figures shows progress to date on an organisation's main project



5 Innovative method used to measure operational impacts as well as financial impacts



6 Forward-looking targets clearly linked to strategic priorities, vision and objectives



7 Consideration of an organisation's wider impact on society

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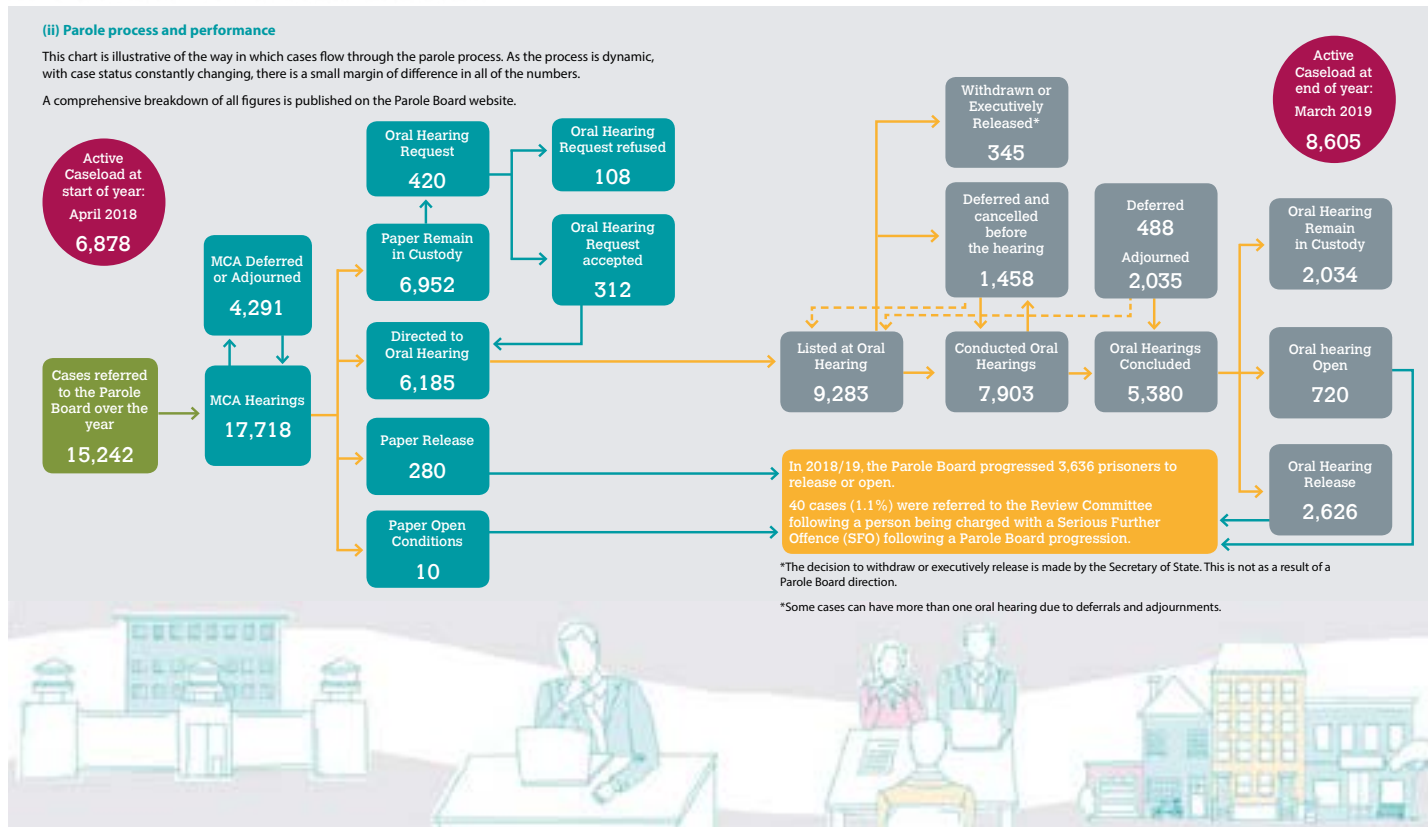
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1 Creative illustration of an organisation's operations



Flow diagram showing the parole process by volume of cases and hearings at each stage.





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2

Honest articulation of the type of stakeholder an organisation is looking for



Unilever makes a clear statement about the types of suppliers it wants to engage with, in order to support its sustainable growth.

SUPPLIERS

Our supply chain is very diverse and highly dynamic as we respond to changing consumer preferences, in line with our C4G programme. Our suppliers help us meet consumer needs by innovating, creating capacity and delivering quality materials and services for our products. We work with a large range of suppliers in over 160 countries – from multinational companies through to SMEs and smallholder farmers.

We screen suppliers in relation to their supply chain capabilities and the level of associated environmental and social risk. Managing supplier risk is a key role of our Supply Chain function. All suppliers must complete our registration process to assess compliance with the mandatory requirements of our Responsible Sourcing Policy which includes anti-bribery and corruption. We conduct audits and follow up issues identified where necessary.

Partner to Win is our approach to building long-term relationships with selected key strategic supplier partners in order to achieve mutual growth. It focuses on five key areas: quality and service, innovation, value, sustainability and capacity and capability. Partner to Win helps us strengthen supplier and customer collaboration and improves operational efficiency. In 2018, we had 175 Partner to Win suppliers, representing 35% of total procurement spend.

We came first in the annual Gartner Supply Chain Top 25 for the third year running, emphasising our leading practices in the area of supply chain management, in particular on sustainability and digitalisation.

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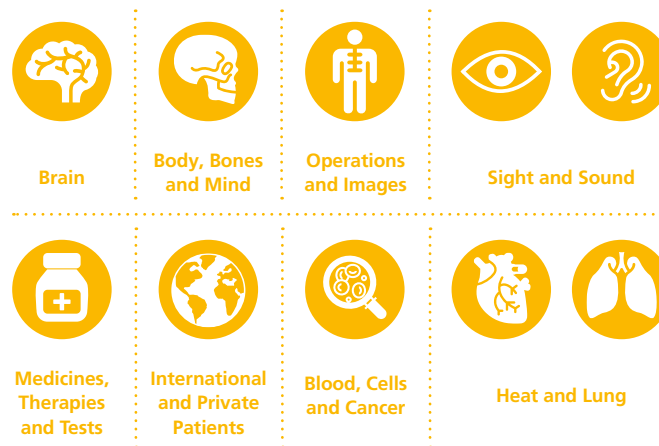
3 Clear links between operational structure and vision



Our structure in 2018/19

In 2018, we evaluated the way our clinical teams were working. The aim was to ensure that our operational structure best supports our vision to help children with the most complex health needs fulfil their potential.

A consultation was conducted with all staff across the Trust. After reviewing the responses, a new directorate leadership structure was introduced to improve the clarity of lines of accountability, reduce the gap between Trust leadership and front-line services, and create attractive leadership roles within the Trust. Eight directorates were established and, after consulting young people on potential names, these are:



In addition there are eight corporate areas – Clinical Operations, Corporate Affairs (including Communications), Development and Property Services, Medical, Nursing, Human Resources and Organisational Development, Research and Innovation, and Finance.

Clear and transparent operating structure to support GOSH's vision and improve lines of accountability.

Use of stakeholder consultation to rename the eight directorates to align with business operations.

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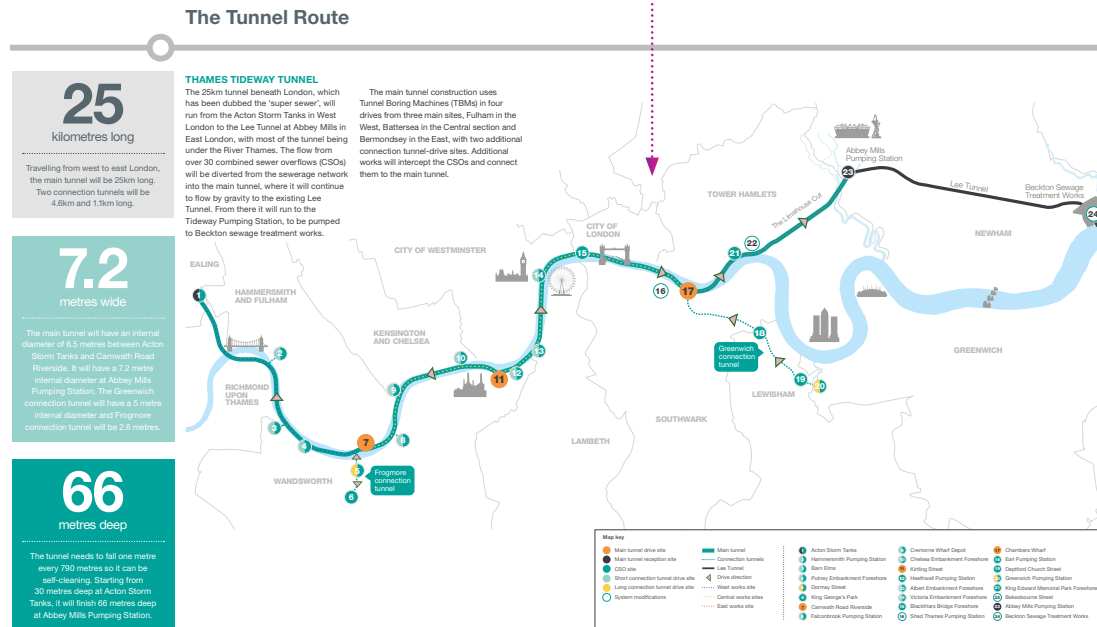
4 An infographic with key facts and figures shows progress to date on an organisation's main project



Tideway (Bazalgette Tunnel Limited) 2018-19, (pages 13 and 14)

Engaging infographic to illustrate the extent of the Thames Tideway Tunnel route through London.

Tideway transparently explains the delivery model being used and the reasons behind it (for example, to attract private sector capital for finance).



THE DELIVERY MODEL

The Thames Tideway Tunnel is being delivered using an innovative delivery model. The model was established to attract private sector capital to finance infrastructure and deliver value for money to customers.

The delivery model includes a bespoke regulatory framework, including contingent Government Support Package, which recognises the unique nature of Tideway's business. This framework provides a revenue stream during both the construction and operational periods. Revenues are billed and collected on our behalf by Thames Water from its wastewater customers and passed to Tideway.

For the period until 2030, our revenues are calculated according to the framework set out in our Licence, which is primarily based on a percentage return (2.497%) on the regulatory value of our Company (the Regulatory Capital Value or RCV). From 2030, we expect to be regulated in line with the rest of the water industry, with price control reviews every five years.



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5 Innovative method used to measure operational impacts



Impact

Greenhouse gas (GHG) emissions

18,416 tCO₂e

tonnes of CO₂e emitted (Scopes 1 and 2)
(2017/18: 20,205 tCO₂e)

Impact of GHG emissions

-£444,367

Related to the negative impacts and associated social costs resulting from increased concentrations of atmospheric GHGs
(2017/18: -£482,000)

 See thecrownestate.co.uk/total-contribution

Impact

Employment placements

154

unemployed people placed into employment through our Recruit Regional programme
(2017/18: 170)

Impact of employment placements

£5.5m

Related to the positive impacts and associated social benefits of placing an unemployed individual into employment in terms of their income received and reduced support from the state
(2017/18: £6m)

 See thecrownestate.co.uk/total-contribution

The Crown Estate has developed a method for measuring positive and negative operational impacts called Total Contribution.

The future of Total Contribution is for this method to be fully integrated into asset and investment management decision-making.

Each of the Crown Estate's main operations has an impact box highlighting both positive and negative impact from its performance in-year, with direct comparisons to the prior year.

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6 Forward-looking targets clearly linked to strategic priorities, vision and objectives



HELPING BRITAIN PROSPER PLAN 2019

Area of focus	2018 achieved	2019 targets	2020 ¹ targets	UN Sustainable Development Goals	
Helping Britain get a home Amount of lending committed to help people buy their first home	£12.4bn	£10bn	£30bn	8 DECENT WORK AND ECONOMIC GROWTH	+ page 21
Helping people save for the future Growth in assets that we hold on behalf of customers in retirement and investment products	£7.4bn	£32bn ²	£50bn	8 DECENT WORK AND ECONOMIC GROWTH	+ page 21
Supporting businesses to start up and grow Increased amount of net lending to start-up, SME and Mid Market businesses	£3bn	£5bn ²	£6bn	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY INNOVATION AND INFRASTRUCTURE	+ page 21
Building capability and digital skills Number of individuals, SMEs and charities trained in digital skills, including internet banking	700,232	600,000	1.8m	4 QUALITY EDUCATION	+ page 21
Tackling social disadvantage across Britain Number of charities we support as a result of our £100m commitment to the Group's independent charitable Foundations	3,113	2,500	2,500	10 REDUCED INEQUALITIES	+ page 22
Championing Britain's diversity Percentage of senior roles held by women	35.3%	36.7%	40%	5 GENDER EQUALITY	+ pages 22-23
Percentage of roles held by Black, Asian and Minority Ethnic colleagues	9.5%	9.7%	10%		
Percentage of senior roles held by Black, Asian and Minority Ethnic colleagues	6.4%	7.2%	8%		
Helping the transition to a sustainable low carbon economy Average number of homes that could be powered as a result of our support of UK renewable energy projects	2.6m	3.5m ²	5m	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	+ pages 24-25



Concise infographic highlighting forward-looking targets for each of Lloyd's main focus areas with clear reference to the UN Sustainable Development Goal. This demonstrates that Lloyds thinks about the wider implications of how its purpose is helping to achieve a wider goal.

¹ Figures are all cumulative excluding tackling social disadvantage across Britain and championing Britain's diversity.
² Figures are cumulative from 2018.

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7 Consideration of an organisation's wider impact on society



Marshall of Cambridge (Holdings) Limited 2018, (page 12)

Marshall

Marshall Aerospace and Defence Group

Marshall Group Properties

Marshall Ventures

Making Cambridge a better place

We are committed to generating further interest in engineering for today's young people, developing employability skills and providing the required training for them to excel in the aerospace industry in the future.

Our property developments will provide vibrant extensions to the city and significant space for new communities to flourish and succeed.

Cambridge continues to be a dynamic marketplace to invest in; our two investment vehicles demonstrate our ongoing commitment to the city, creating jobs and securing the future of local businesses.

Marshall of Cambridge Holdings is clearly demonstrating that it is considering its wider societal impact.

This is clearly linked to its corporate strategy, one of which being to "make Cambridge a better place".

7/7



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What did we look for?

- Clear narrative explaining the governance structure and tone at the top
- Transparent information about how the Board works effectively to govern the organisation
- Frank and honest assessment of discussions and decisions made



1 Fair and balanced summaries of Board and committee discussions



2 Clear diagram depicting interaction lines between committees



3 User-friendly description of the stakeholder engagement process



4 Approach to managing relationships with different categories of stakeholders



5 Frank and honest presentation of negative statistics



6 Transparent descriptions of the activities of each of the main committees with clear action points



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1 Fair and balanced summaries of Board and committee discussions

Concise summaries of discussions held by each Board promote accountability and transparency to the reader.

C. Senior Appointments Board

Membership	PUS, Chief Operating Officer, DG Political, DG Consular and Security, DG Global Britain, DG EU Exit, Assistant Private Secretary to the Deputy National Security Adviser (Conflict, Stability and Defence), HR Director, Gaenor Bagley (Non-Executive Board Member), with PPS/Foreign Secretary as an observer.
Summary of Discussions during 2018-19	The Senior Appointments Board considered appointments at SMS2 and above, weighing up candidates' experience and expertise and their performance against SMS competences. The Board also considered issues affecting senior appointments such as the diversity of appointments and the grading of roles.
Frequency of meetings	Monthly (except August)

D. Audit & Risk Assurance Committee

Membership	Warren Tucker, Chairman Non-Executive Member of Management Board; Ann Cormack, Non-Executive Member; and Simon O'Regan, Non-Executive Member.
Summary of Discussions during 2018-19	Evaluation of strategic processes for risk, control and governance, challenging the effectiveness of existing systems through the targeting of potential weaknesses. Review of risks through risk register reviews and mitigation plans surrounding Information Risk (including GDPR), Cyber Security, Commercial, Health and Safety, Programme, HR Resources and Estates and Security. Analysis of planned activity and results of both internal and external audit services, including assurance mapping and the outcome of fraud investigations. Consideration of FCO accounting policies and resource accounts prior to PUS signature. Regular effectiveness reviews of the Audit & Risk Assurance Committee are conducted, using the NAO checklist, and action is taken to address any matters arising.
Frequency of meetings	Five times during the financial year.

E. Investment, Infrastructure & Operations Committee

Membership	Chief Operating Officer (Chair), DG Operations Directors, Regional Directors, Consular Director, Heads of Mission, Overseas Staff.
Summary of Discussions during 2018-19	The FCO's Global Asset Management Plan, including addressing health and safety issues across the network and other estate related investment decisions exceeding £5million in value, including the new Bangkok residence and office. Oversight of the FCO's IT portfolio, with a focus on the ECHO 2 programme, providing advice to the FCO Board, and other IT investment decisions exceeding £5million in value. The Committee signed off on physical security guarding contracts overseas and the procurement of armoured vehicles. CSSF and Prosperity Fund programme spend over £5million including projects in Syria, Jordan and China.
Frequency of meetings	Fortnightly

F. Health & Safety Committee

Membership	ExCo members, Head of International HR Department (Human Resources Directorate), Director Consular, Director Estates and Security, Head of Security and Departmental Security Officer (Estates and Security Directorate), Head of Talent and Capability Department (Human Resources Directorate), Health and Safety Manager (Human Resources Directorate).
Summary of Discussions during 2018-19	The review of property standards and follow up after the Overseas Fire Safety Group's review of the FCO's estates portfolio in the wake of Grenfell. Wellbeing, including SMS attendance at the Wellbeing Confident training workshop, ACCA statements and establishing good practice in construction.
Frequency of meetings	Twice a year

G. One HMG Overseas Network Board

Membership	FCO Chief Operating Officer (Chair) and representatives from the Department for International Development, Ministry of Defence, Department for International Trade, Her Majesty's Revenue & Customs, British Council, National Crime Agency, Home Office, Her Majesty's Treasury and Cabinet Office.
Summary of Discussions during 2018-19	Re-focused the Network Board to play a more strategic role around Global Network Uplift and corporate contingency planning for No Deal Brexit. Set the direction of the functional boards—International People, International Estates and Security, International Procurement, Chief Information Officers, Finance and the Steering Group and held them to account. Ensured continued close collaboration with the Expertise and Platform pillars of the Diplomacy 20:20 Programme in particular the Corporate Capability Programme and change control process.
Frequency of meetings	Quarterly

H. Policy Programme Portfolio Board

Membership	ExCo members
Summary of Discussions during 2018-19	The Policy Programme Portfolio Board met in June, November and March. It provided strategic direction for the policy programme overall; discussed the risks facing FCO-led Prosperity Fund programmes; agreed how to strengthen senior oversight and accountability; reviewed results and impact to date and the balance of risk and results; discussed key amber rated programmes in greater depth; and, decided how to strengthen FCO project delivery capacity.
Frequency of meetings	Three times a year

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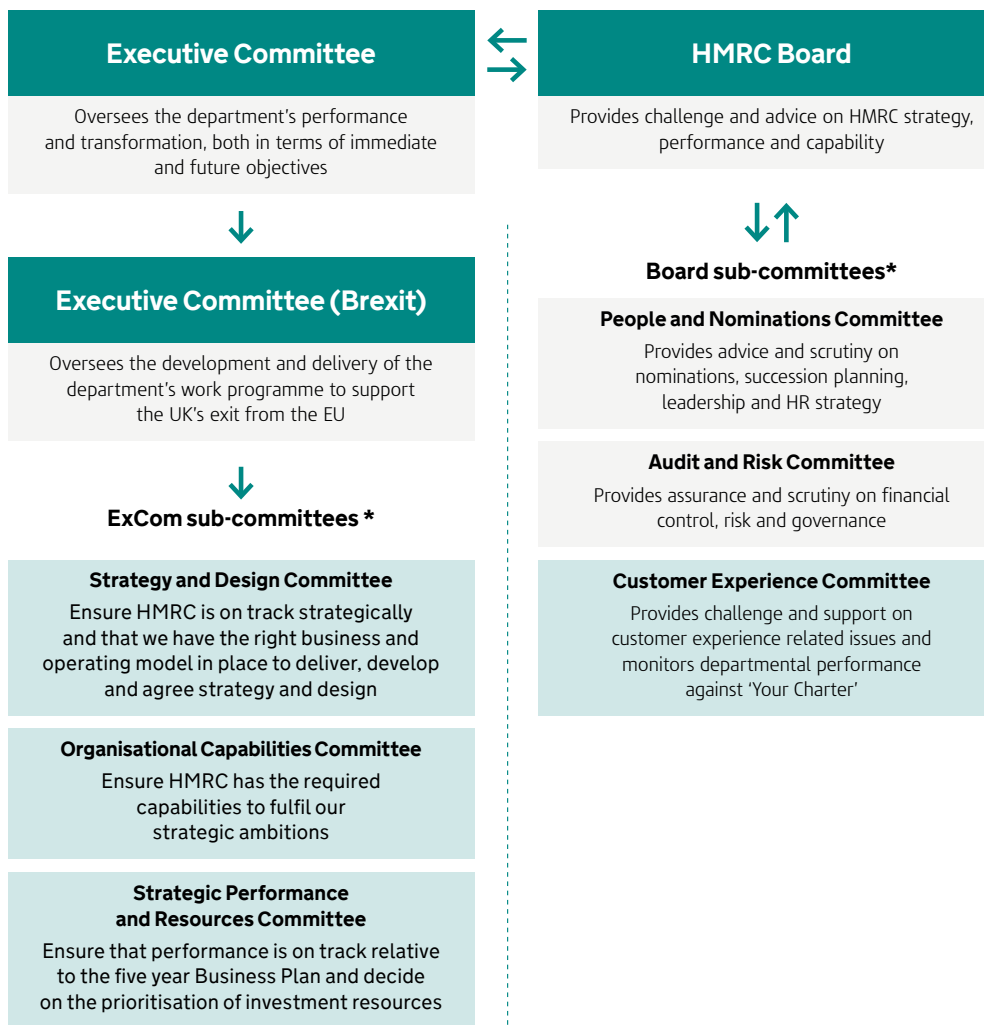
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2 Clear diagram depicting interaction lines between committees

Figure 10: HMRC committee structure as at 31 March 2019

Clearly outlines the structure of the committee, including communication lines and brief description of responsibilities.



* Highlighted committees are new for 2018-19



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User-friendly description of the stakeholder engagement process



Czarnikow 2018, (page 17)

PROMOTING THE SUCCESS OF OUR GROUP THROUGH STAKEHOLDER ENGAGEMENT

KEY STAKEHOLDERS	FOSTERING RELATIONSHIPS	CREATING LONG-TERM VALUE	EXPECTATIONS
CLIENTS	<ul style="list-style-type: none"> > Daily interaction with clients on trading floor > Weekly strategy planning meetings with Czarnikow's Trading Directors > Close working relationship with procurement teams (industrial clients) > Interaction with farmers through VIVE programme 	<ul style="list-style-type: none"> > Optimising price, logistics and financing > Providing innovative procurement solutions > Promoting ethical and sustainable supply chains > Reducing environmental impact > Reducing overall supply chain risks 	<ul style="list-style-type: none"> > Deeper understanding of client business to provide more added-value solutions > Further cost optimisation > Bespoke knowledge-sharing

Concise explanation for the reader to understand how Czarnikow engages with its stakeholders, and how successful engagement contributes to the success of its company.



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4 Approach to managing relationships with different categories of stakeholders



The Crown Estate shows a clear commitment to engaging with its various stakeholders. The narrative explains the Crown Estate's approach for engaging with each one to promote an open and transparent relationship.

Our approach to engagement

An open and transparent relationship with our constitutional stakeholders and our wider stakeholders is an important part of our governance, building trust and excellence in our delivery.

The Treasury

The Crown Estate meets regularly with the Treasury to discuss the delivery of The Crown Estate's mandate and also engages with the Minister responsible for The Crown Estate.

The Sovereign

The Chief Executive and Chairman meet with Her Majesty the Queen once each year to report on the performance of The Crown Estate.

Our customers

We work with our customers every day, but also engage by convening industry events and providing independent routes for feedback and complaints.

Our people

We engage through many channels, providing a voice for our staff that covers everything from all-staff town-hall sessions to anonymous surveying, and a whistleblowing hotline.

Statutory bodies

We foster open and transparent relationships with statutory bodies, from the Marine Management Organisation to local authorities and central Government.

Communities

Our places serve a broad range of communities from local residents and businesses to The Wildlife Trusts, marine interest groups and heritage groups. We engage with those communities to understand the issues that matter to them and how we can shape our work to deliver better outcomes for everyone.

Our suppliers

From cross-organisation collaboration within panel arrangements to transparent feedback on arm's-length transactional activity, we are striving to create lasting partnerships with our suppliers.





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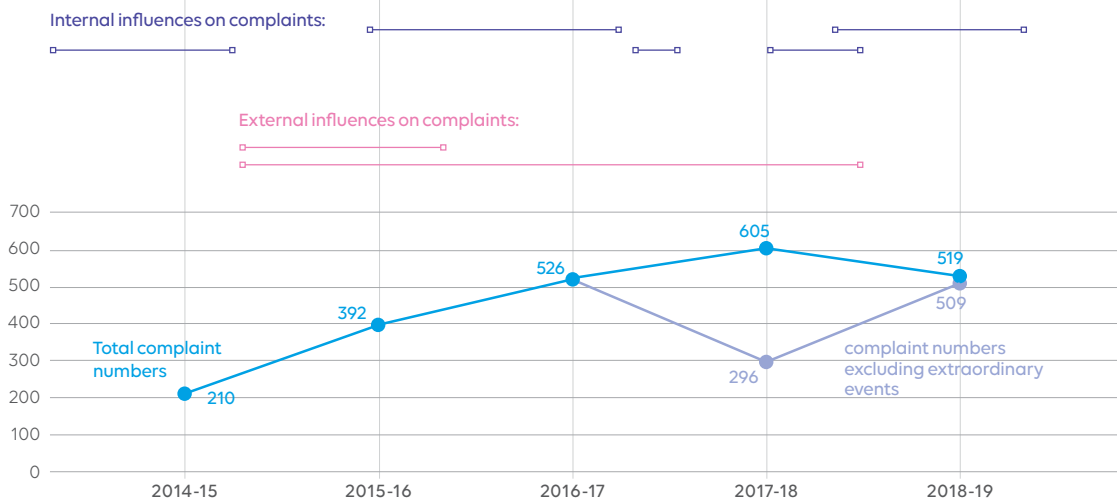
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5 Frank and honest presentation of negative statistics



Complaints – Annual Comparison

GOSH Children's Charity promotes transparency through reporting its complaints figures year-on-year. The narrative accompanying this graph goes into detail about the nature of the complaints with explanation for the charity's complaints process.



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6 Transparent descriptions of the activities of each of the main committees with clear action points



The Executive Committee report



Membership and attendance 2018/19 financial year

Alison Nimmo (Chair)	Kate Bowyer
12/12	12/12
Paul Clark	Judith Everett
11/12	12/12

Overview

Meeting 12 times this year, our Executive Committee delivers the strategic direction of our business for our Board. It brings together all aspects of what we do and seeks to embed customer value creation in our decision-making. The Executive Committee also analyses material issues and strategic risk and opportunities to generate and recommend the Corporate Strategy, and ensures that business plans are aligned to our strategic objectives. It also reports on the delivery of the Corporate Strategy to the Board.

This year

2018/19 was a strategically important year for the Executive Committee as we sought to develop a single cohesive strategy for our business, integrating customer value creation and seeking a manifest shift in our evidence-based decision-making.

- The Executive Committee considered all matters within its terms of reference, including:
- the Corporate Strategy of The Crown Estate
 - the business plans and budgets for 2019/20 and our three-year time horizon
 - strategic risk and material issues
 - The Crown Estate's financial and non-financial performance
 - information security, privacy and procurement
 - health and safety and sustainability
 - people, culture, customer, governance and major corporate projects.

The key duties of the Executive Committee are:

- to develop for onward transmission the Corporate Strategy for review and approval by the Board on an annual basis
- to receive and review reports from the business on financial and non-financial performance on a quarterly basis, to ensure that delivery of the Corporate Strategy is on target; and in turn report on that delivery to the Board
- to receive and review reports from the Risk Group and to consider strategic risk and opportunities and material issues, reporting to the Board and Audit Committee.

Alignment with the 2018 UK Corporate Governance Code

The Executive Committee acts as a central pillar of our strategic decision-making and reporting, with much of the operational activity of The Crown Estate being discussed and regular onward reporting to the Board. Following our terms of reference review, the Executive Committee will be focusing on the following activities to enhance its role in our corporate governance architecture:

- sourcing and presenting improved management information in support of our People Strategy and culture work
- reviewing our ways of working, policies and supporting materials to ensure improved traction between our corporate governance and day-to-day operation
- overseeing the implementation of new and improved programme and project management methodologies within the business.

Attendance records show accountability and suggest management's propensity to comply with standards and how seriously they view the governance system.

Each of the Crown Estate's committees has a dedicated page outlining key facts and figures. Key duties and achievements in-year give the reader a sense of the types of discussions that have been happening, as well as how decisions have been scrutinised and challenged.

“
Our two defining themes this year have been our customers and our people.
”
Alison Nimmo
Chief Executive



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What did we look for?

- Quantified key performance indicators (KPIs) aligned to strategic objectives and making appropriate use of data
- Balanced assessment of goals achieved and performance against targets
- Honest analysis when targets are not met



Case studies



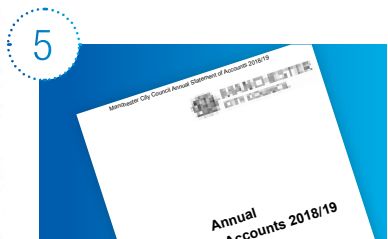
Clear performance measure chart showing progress against targets



Clear alignment of an organisation's KPIs against the strategic objective



An organisation's mission is interlinked to its strategic priorities and future plans



Infographic showing success by individual directorate



Inclusion of both financial and non-financial KPIs



Success against strategic priorities are comprehensively explained and evidenced



Detailed assessment of KPIs



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Case studies



Great Ormond Street Hospital for Children NHS Foundation Trust
(GOSH) 2018-19, (page 18)

GOSH uses cases studies to highlight particular achievements. These are integrated throughout the annual report and linked to the strategic priorities. This is a powerful tool which helps bring to life the achievements and aims of GOSH.

Ground-breaking cancer therapy

A GOSH patient became the first NHS patient to receive a therapy that uses the body's own cells to fight cancer. Yuvan (pictured), 11, who has a form of leukaemia, had CAR-T therapy, called Kymriah, after conventional cancer treatments failed. CAR-T involves removing immune cells and modifying them so they can recognise cancer cells. Previously it was only available as part of a clinical research trial.

Acute lymphoblastic leukaemia affects about 600 people a year, mostly children. Most are cured by conventional treatments but about 10% relapse. In November 2018, it was announced that GOSH, along with Royal Manchester Children's Hospital and Newcastle upon Tyne Hospitals NHS Foundation Trust, would treat children with this rare form of leukaemia. Up to 30 patients a year are expected to be treated.



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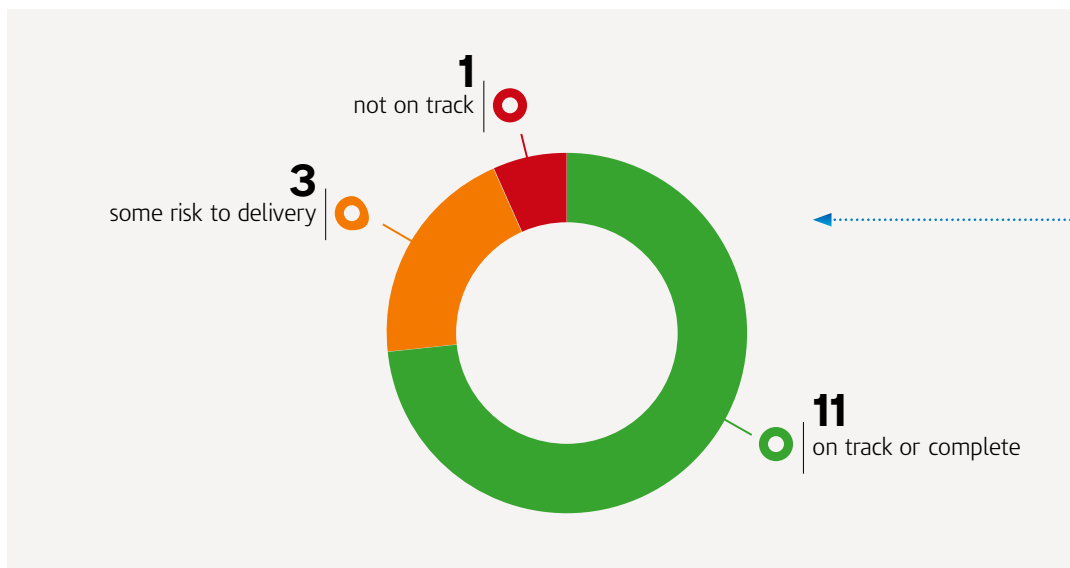
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2 Clear performance measure chart showing progress against targets



We have committed to delivering further improvements to how we collect revenues, and we set out our commitments at the start of each financial year in our single departmental plan. In **2018-19** we set ourselves **15** commitments.



The frequent use of the RAG (red, amber, green) rating in HMRC's annual report allows the user of the accounts to monitor the organisation's progress against its risks.

Where HMRC has missed its targets, the narrative provides comprehensive reasons as to why and considers future actions.

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3 Clear alignment of an organisation's KPIs against the strategic objectives



Tideway (Bazalgette Tunnel Limited) 2018-19, (page 40)



Vision, Legacy & Reputation

Objective

We want to create a supportive environment for delivering the tunnel and build a positive reputation with our stakeholders. Looking after our neighbours and stakeholders reduces the scope for delays, so we can deliver the tunnel's benefits as soon as possible.

Priority for 2018/19

- Refine our stakeholder and neighbour engagement programme in a structured and targeted way to support efficient delivery

KPIs are clearly linked to each strategic objective in a clear, concise way.

Each key figure has the prior year comparative showing whether or not the target was met, and how far Tideway is to meeting its future goals.

2018/19 Measure

Evidence of support from the majority of stakeholders surveyed

Target	Actual
>50%	92% positive 72% very positive

No material schedule impact due to stakeholders (including Neighbours)

Target	Actual
No material schedule impact	No impact

Percent of live legacy commitments on track

Target	Actual
75%	90% Monthly Average

Apprentices per project staff

Target FTE	Actual FTE
1 in 50	1 in 49 Monthly Average

STEM* volunteer hours per project staff**

Target (per 3 FTE)	Actual (per 3 FTE)
1 hour	4.7 hours 3254 hours in total

Community volunteer hours per project staff**

Target (per 3 FTE)	Actual (per 3 FTE)
1 hour	10 hours 7182 hours in total

* Science, Technology, Engineering, Mathematics (STEM)
** Includes Tideway and MWC staff



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4 An organisation's mission is interlinked to its strategic priorities and future plans



The Royal Society 2018-19, (pages 8 and 9)

Our mission
To promote science and its benefits.
Our motto
Nullius in verba – take nobody's word for it.
Our principles
 Independence
 Integrity
 Diversity and inclusion
 Collaboration
 Inspiration
Our roles
 Charity
 Fellowship
 National academy

Strategic priorities

Promoting excellence in science
 • Elect exceptional scientists to the Fellowship.
 • Advise on research landscape.
 • Demonstrate economic impact of science investment.
 • Fund outstanding researchers.
 • Recognise scientific achievements.
 • Encourage and support innovation.
 • Publish scientific research.

What have we achieved?
 The Society has increased funding to scientists by 16% to £84.7 million, and a review of 35 years of our flagship funding schemes for early career researchers has shown how successful they have been, with 70% of our University Research Fellows going on to become professors. Royal Society Fellow, Sir Greg Winter was awarded the 2018 Nobel Prize in Chemistry. Scientific papers published by the Society were downloaded 40 million times, an 18% increase on the previous year. Eight new Royal Society Industry Fellows have been appointed to support collaboration between academics and employers such as Rolls-Royce, AstraZeneca and IBM.

Goals for 2020
 The Society will increase spending on grants from £84.7 million to over £100 million, including increasing the number of early career researchers and the value of awards across its flagship programmes, including the URF, Dorothy Hodgkin and Research Professorship schemes. Ahead of the Government's spending review the Society will show the value investment in research brings to the UK. The Society will increase engagement with industry, holding two *Creating connections* events. The Society will seek to increase the nominations of candidates for the Fellowship from underrepresented groups and those working in industry.

Supporting international scientific collaboration
 • Proactive engagement in major issues.
 • Address global challenges.
 • Partner with leading scientific nations on new technologies.
 • Implement Commonwealth programmes.
 • Convene leading international meetings to advance science.

What have we achieved?
 The Society has joined with other scientific academies from around the world in creating a commission to establish an international governance framework for research into heritable genome editing. We increased our funding of international research by 7% to £14.8 million, funding work in 65 countries including Brazil, Ghana and India. We hosted the inaugural meeting of Commonwealth Science Advisers. We have worked with the US National Academy of Sciences on issues including climate change and the impact of AI and hosted the *UK-China joint commission*, convening representatives from the UK and Chinese governments to explore scientific collaborations.

Goals for 2020
 The Society will convene an international commission to develop principles, criteria and standards for the possible clinical use of human germline genome editing. With the African Academy of Sciences, the Society will award the first FLAIR Fellowships and select the second cohort of awardees. On Brexit, the Society will continue to call for the best possible deal for research. The Society will also take a delegation to China to build on scientific partnerships and host the *5th joint science conference of the Western Balkans process*.

Demonstrating the importance of science to everyone
 • Increase scientific advice for policy makers.
 • New programme of public dialogue and engagement.
 • Integrate science into public debate and culture.
 • Promote value of STEM education.
 • Inspire through historic collections.

What have we achieved?
 The Society's report on greenhouse gas removal, produced jointly with the Royal Academy of Engineering, showed how technology can be used to help meet climate targets, in the UK and globally. The Society's Summer Science Exhibition saw close to 12,000 people through our doors. We have over 230,000 followers on Twitter, up 29.6% on 2017/18, and 206,000 fans on Facebook, up 8.4% on last year. Our *You and AI* series of public events exploring artificial intelligence culminated with a sell-out crowd of 1,900 people at the Barbican in London and the lectures have had over 230,000 views on YouTube.

Goals for 2020
 The Society will stage a *You and the planet* series of public events, the Summer Science Exhibition and a series of events outside London. Reports will be published to inform how the UK manages its land. The Society will publish a report on neural interfaces, including a look at public attitudes. The Society will also press for a review of post-16 education in the next parliament and publish two science primers for courts. A second series of *People of science* films will be launched.

Relationships
 Government, parliament and key influencers and funders | Industry, academia, education and civil society | The public, including children and young people

Resources
 Royal Charter and strong governance framework | Robust systems, policies and procedures | Engaged Fellows, staff, volunteers and the science community

Clear presentation of how strategic priorities have been met, with specifics about what was achieved and The Royal Society's goals for the future.



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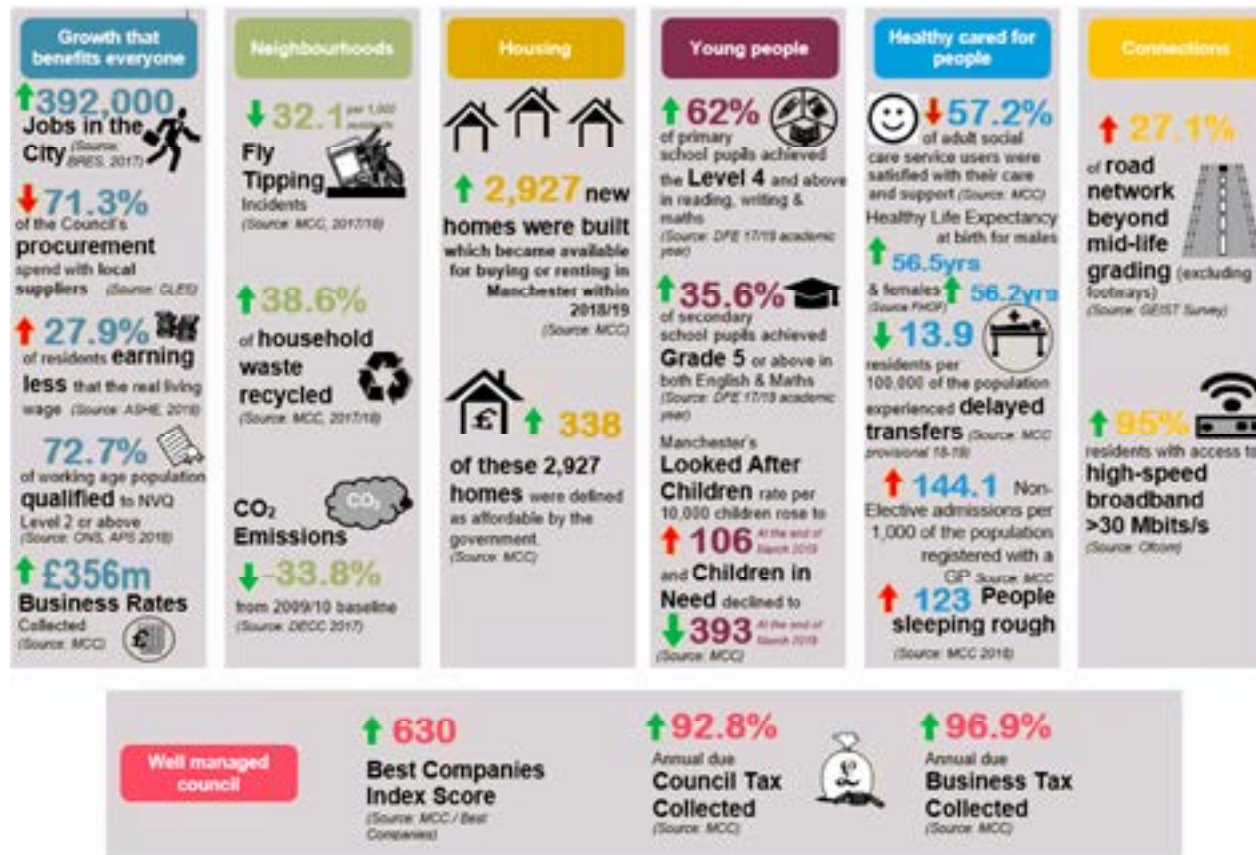
Understandable

MEASURES OF SUCCESS

5 Infographic showing success by individual directorate



Manchester City Council Annual Statement of Accounts 2018/19



Specific key facts and figures on the achievements within each of the Council's directorates. Use of red and green arrows to show if something has improved or gotten worse.



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6 Inclusion of both financial and non-financial key performance indicators

Key performance indicators Our strategy has delivered strong performance

Delivering for all our stakeholders

The Board has been actively involved in the development and ongoing review of strategy with regular reviews of progress and priorities. Following the launch of the next phase of our strategic plan in early 2018, and in addition to the regular management progress updates, a comprehensive Board review process has been implemented which includes formal quarterly updates and selective deep dives on topical issues. In addition strategy days were held in June and November to consider market dynamics and the strategic challenges and opportunities the Group is likely to face going forward. Board members have also made a number of site visits to understand how the strategy is being implemented and perceived at a local level. Key performance indicators are regularly reviewed by the Board with the measures outlined on this page identifying the most effective output measures for assessing financial performance and progress towards becoming the best bank for customers, colleagues and shareholders. As a result of significant strategic progress in 2018, we have reported increased statutory and underlying profits, strong capital generation and have announced an increased ordinary dividend and our intention to implement a share buyback.

Customer relationships are key to our strategy and we specifically measure customer satisfaction and complaint levels. We also track our performance against the targets of our Helping Britain Prosper Plan, about which you can read more on page 20.

Pay for performance across the Group

Key performance indicators that are directly linked to remuneration are marked with this symbol. To ensure our employees act in the best interests of customers and shareholders, remuneration at all levels of the organisation is aligned to the strategic priorities and financial performance of the business and also takes into account specific risk management controls.

The remuneration awarded to Executive Directors is heavily weighted towards the delivery of long term, sustainable performance that aligns with shareholder experience. For the variable awards made under the Group Performance Share and Group Ownership Share plans in respect of performance in 2018, over 95 per cent is awarded in shares, and 70 per cent is subject to performance conditions applying over three years.

Financial

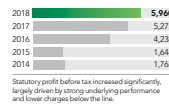
Underlying profit before tax



Underlying profit increased in 2018. Largely due to higher income, and lower costs whilst asset quality remains strong.

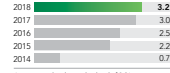
1. Revalued to exclude remediation.

Statutory profit before tax



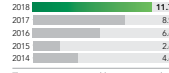
Statutory profit before tax increased significantly, largely driven by strong underlying performance and lower charges below the line.

Ordinary dividend



An increased ordinary dividend of 3.21 pence per share, in line with our progressive and sustainable dividend policy. In addition, the Board intends to implement a share buyback of up to £1.25 billion.

Statutory return on tangible equity

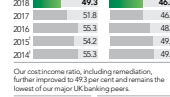


The statutory return on tangible equity increased reflecting the increase in statutory profit after tax, and a slightly lower average tangible equity.

2019 TARGET

Statutory return on tangible equity 14-15%

Cost-income ratio %

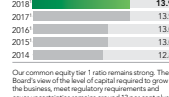


Our cost-income ratio, including remediation, further improved to 49.3 per cent and remains the lowest of our major UK banking peers.

2020 TARGET Cost income ratio including remediation Low 40s

1. Excluding TSB.

Common equity tier 1 ratio (CET1)

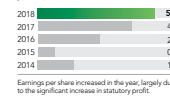


Our common equity tier 1 ratio remains strong. The Board's view of the level of capital required to grow the business, meet regulatory requirements and cover uncertainties remains around 13 per cent plus a management buffer of around 1 per cent. In the last two years we have reduced this to 13.9 per cent through dividend payments and buybacks.

CURRENT TARGET Capital build 170-200bps per annum with a regulatory capital requirement of around 13% and a management buffer of around 1%.

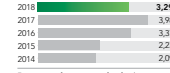
1. The time, reflecting reserves divided. Also includes ordinary dividend and share buyback. 2014 reflects MBNA.

Earnings per share



Earnings per share increased in the year, largely due to the significant increase in statutory profit.

Economic profit



Economic profit, a measure of profit taking into account expected losses, tax and a charge for equity utilisation. In 2018, the equity charge and tax charge increased.

Total shareholder return



Despite the strong financial performance our share price fell by 24 per cent in 2018 in line with many other financial services companies. After including dividends paid in the year, total shareholder return was (20) per cent.

Non-Financial

Customer satisfaction

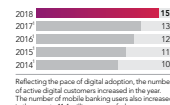


Our net promoter score is a measure of customer service at key touch points and the likelihood of customers recommending us. Customer satisfaction slightly increased in 2018.

Link to strategic priorities Leading customer experience

1. Revalued to reflect changes in measurement approach.

Digitally active customers

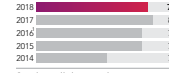


Reflecting the pace of digital adoption, the number of active digital customers increased in the year. The number of mobile banking users also increased in the year, to 11.4 million, many of whom use our award-winning Lloyds Bank app.

Link to strategic priorities Digitising the Group

1. Excludes MBNA.

Our values and behaviours



Our values and behaviours index comprises metrics related to continuous improvement, collaboration, innovation, inclusiveness with a strong focus on customers. We continue to see high numbers of colleagues believing we are demonstrating these values. The survey in 2018 was completed by more than 5,000 colleagues (83 per cent of the Group headcount).

Link to strategic priorities Leading customer experience

1. New baseline score introduced to be in with new Group behaviours.

Customer complaints



Overall FCA reportable complaints excluding PPI and claims management companies have continued to reduce in 2018.

The FCA changed the approach to complaint reporting in June 2016 and historic data is presented since this date.

Link to strategic priorities Leading customer experience

1. Excluding PPI.

Colleague engagement index



Colleague engagement remains strong despite a slight decline since 2017 (our highest ever score). Both the engagement and performance excellence indices are above UK high performing norms with colleagues scoring pride, advocacy and teamwork favourably.

Link to strategic priorities Transforming ways of working

Helping Britain Prosper Plan targets achieved



Since we launched the Plan in 2014 we have made strong progress. In 2018, we achieved 20 out of 22 targets, helping to address some of the social, economic and environmental challenges the UK faces. Find out more on page 20.

Link to strategic priorities Maximising the Group's capabilities Leading customer experience

A 'big picture' assessment of success across all of a company's operations, financial and non-financial, including an assessment of whether or not they have been achieved. The accompanying narrative explains how each KPI has been measured. Non-financial KPIs are clearly linked to Lloyd's strategic objectives.

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7 Success against strategic priorities are comprehensively explained and evidenced

There is a full section dedicated to how GOSH achieves its six quality objectives. The narrative comprehensively covers GOSH's approach to achieving it, the results and next steps.

Each quality priority has a separate section which goes into more detail about what GOSH planned to do, what the results were and what the future plans are. This is directly linked to the strategic objectives. Results are data-driven and underpinned by robust evidence.

The six quality priorities reported for 2018/19 were:

- Safety**
 - Improving the safety and experience of our patients when venous access is needed for their care
 - Reducing the rate of rejected samples for laboratory testing
- Clinical effectiveness**
 - Improving the early recognition of the deteriorating child and young person, through the introduction of the electronic Paediatric Early Warning System
 - Improving the process for ordering and delivery of chemotherapy
- Experience**
 - Improving our young people's and their parents' and carers' experience of transition to adult services
 - Implementing a system to receive patient, parent and carer feedback in real time

In this section, we report on our performance against each quality priority by outlining:

- What we said we'd do
- What we did
- What the data shows
- What's going to happen next
- How this benefits patients

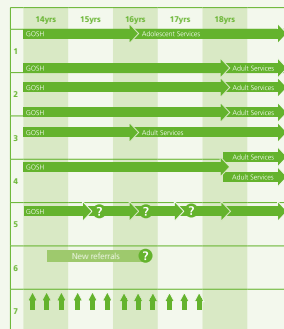
Experience section

Improving our young people's and their parents' and carers' experience of transition to adult services

The way young people and their families are prepared for the move from paediatric to adult health services has come under increasing scrutiny in recent years. NICE published the guidelines, *Transition from Children's to Adults' Services for Young People Using Health or Social Care Services* in 2016. One of the underlying principles in the guidelines is that young people should start to be prepared for adult health services (termed 'transition') by the age of 14 at the latest.

As a stand-alone paediatric hospital providing highly specialised care, this principle presents a challenge for GOSH. It is not always clear at this age whether transfer to specialist adult health services, and therefore transition, will be necessary. In addition, some young people move to dedicated adolescent services located in other Trusts. They encounter similar challenges as those who move straight to adult services (including different environments, procedures and personnel) and consequently have similar preparation needs. This is a situation unique to GOSH and is not addressed in the NICE Guidance.

Working jointly with young people and parents we developed the Growing Up, Gaining Independence (GUGI) framework at GOSH to enable us to both find solutions to the unique challenges our young people and their families face, and to comply with the NICE guidelines as closely as possible.



What is transition?

Transition is the purposeful, planned process of preparing young people under paediatric care and their families or carers for, and moving them to, adolescent or adult-oriented healthcare.

What is PaIs?

The Patient Advice and Liaison Service (PaIs) offers confidential advice, support and information on health-related matters. They provide a point of contact for patients, their families and carers, and are available in all NHS hospitals.

The Growing Up, Gaining Independence (GUGI) programme has been developed to:

- Make all young people and their parents/carers aware of the skills and knowledge they need to engage with adult health care services
- Support the young person to develop these skills
- Prepare those who need to continue onto specialist adolescent or adult healthcare services

What we said we'd do

- In last year's Quality Report, we said that in 2018/19, we would:
 - Roll out the two part GUGI programme across the Trust and embed it as standard practice
 - Start those older than 16 on GUGI Part Two, which is specifically designed to support those who will soon transfer into specialist adolescent or adult care from GOSH

What we did

GUGI information folders are now available in all the clinic rooms in the Trust and on the Trust's internet. The information is also freely available on the external GOSH website* and on display outside the Patient Advice and Liaison (PaIs) office. Information is available in a variety of formats including Easyread® for young people and parents with a learning disability. Templates for GUGI part 2 information booklets are available, which teams can adapt as necessary. We are developing further supporting information in a variety of formats (written, audio and video). An additional project is underway with the GOSH Arts programme to produce a resource to help young people with the emotional impact of moving on from GOSH.

What the data shows

A total of 21,899 (29%) of our patients were in the 12-19 age bracket in 2018/19. Not all of these patients will need to transition to specialist adult care but we recognise that the majority will need to engage with health services as adults. The numbers by each age are shown in the table below.

Age	Number of patients
12	3,991
13	4,162
14	4,051
15	3,860
16	2,980
17	1,915
18	669
19	262
Total	21,899

Another indication of volume is outpatient appointments. The table below shows the total number of appointments by age for people aged 12-19 years in 2018/19.

Age	Number of patients
12	12,228
13	12,696
14	12,129
15	11,790
16	8,942
17	5,561
18	1,519
19	550
Total	65,415

Anecdotal evidence so far suggests GUGI is making a positive difference by prompting young people and families to consider their independence preparation needs and making them aware of legal changes that occur at their 16th birthday. The launch of PaIs is necessary for quantitative measures, such as number of transition plans in place two years prior to expected age of transfer.

What's going to happen next?

The Clinical Nurse Specialist for Adolescent Health will continue the improvement programme and further develop and embed the GUGI framework, support teams to adapt resources, and ensure transition is an integral and early aspect of the care we provide to our young people. We will undertake research and audit in 2019 to assess the impact of the GUGI framework on young people's preparation for the move to specialist adult care. We have joined with other children's hospitals, including Alder Hey, Royal Manchester, Birmingham, Leeds, and Sheffield in a nurse-led National Transition Improvement Group to share challenges and good practice, make recommendations, and seek consistency of approach nationally where possible. GOSH is also an active member of the National Transition Collaborative. Launched in May 2019, this joint NHS Improvement and NHS England initiative was established to help organisations develop their transition practices.

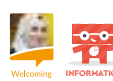
How this benefits patients

- Helps promote young people's independence and helps them prepare for adulthood and for adult health services
- Provides practical advice for young people on how to prepare for clinic appointments and how to get the most out of them
- Makes families aware of health-related legal changes after the 16th birthday

"Transition was always something that really scared me. I feel very fortunate that I have been able to help in the development of Growing Up, Gaining Independence. I really think this will give people a much smoother transition, make them better prepared and help to alleviate some of the fear." Emma, 18

"This has really opened my eyes - I simply hadn't thought about making sure my son knew how to make an appointment for himself. And I certainly didn't know he would be signing his own consent form once he is 16!" Parent of 15 year old

"Me and mum started talking about it on the train. Next appointment I want to go in and see the doctor on my own for a bit. And we are going to look at all my clinic letters when we get home. I didn't know you got sent a letter!" Ben, 13



* gosh.nhs.uk/nao-hospital/nao/growing-up-gaining-independence



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8 Detailed assessment of key performance indicators (KPIs)

PERFORMANCE AGAINST OUR STRATEGY

SSE uses a number of financial and non-financial measures to track progress against its strategy to create value from developing, operating and owning energy-related assets and businesses.

Progress during the year

In 2018/19, SSE's financial results were materially affected by the unexpected adjusted operating loss in relation to its Energy Portfolio Management activities. This was disappointing and regrettable.

Nevertheless, SSE delivered a full-year dividend of 97.5 pence per share; and made good progress in its programme of capital and investment expenditure in support of future value creation. This is already reflected in the Regulatory Asset Value (RAV) of its

energy networks and in its capacity for generating renewable electricity.

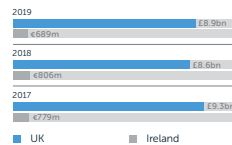
In operational terms, SSE secured a 20% reduction in the Total Recordable Injury Rate and reduced the carbon intensity of the electricity it generated by 7%.

An important part of Executive Directors' remuneration relates to SSE's financial and non-financial performance, and the impact of this is set out in the Remuneration Report on page 116.

Comparison of achievement against the prior two years to show progress.

Concise explanation of the results and how the KPI links back to SSE's strategic priorities.

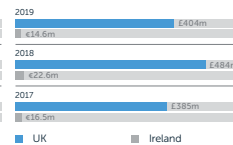
Economic contribution in UK/Ireland



Strategic relevance: SSE depends on a healthy and thriving economy to enable its business success, which is why it calculates the value it adds to UK and Irish GDP each year.

Performance: SSE has added a total of £75.4bn and £6.8bn (in 2018/19 prices) of value to the UK and Irish economies since 2011/12.

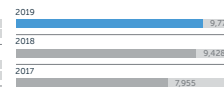
Taxes paid in the UK/Ireland



Strategic relevance: Taxes support the public services everyone relies on. When companies do well, they should share their success with society through the payment of taxes.

Performance: Total taxes paid reduced significantly in 2018/19. This was driven by lower profits earned yet capital allowances received as a result of significant ongoing investment.

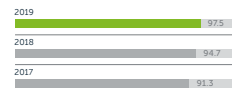
Renewable output (inc. pumped storage) (GWh)



Strategic relevance: Renewables are core to SSE's business strategy which is centred around the low-carbon transition.

Performance: 2018/19 was a record year for SSE Renewables, with output increasing to 9,779GWh. This was mainly driven by an increase in average generation capacity as Stronelairg and Beatrice began to operate.

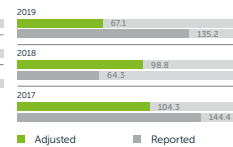
Dividend Per Share (pence)



Strategic relevance: The first financial objective of SSE's strategy is to remunerate shareholders' investment through the payment of dividends.

Performance: In 2018/19, SSE delivered on the first step in its five-year dividend plan.

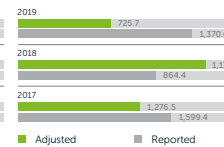
Adjusted ⁽²⁰¹⁹⁾ and Reported Earnings Per Share (£m)



Strategic relevance: In order to provide a meaningful measure of underlying financial performance over the medium-term, SSE focuses on adjusted EPS.

Performance: SSE's Earnings Per Share of 67.1p reflects mainly the loss incurred by Energy Portfolio Management.

Adjusted ⁽²⁰¹⁹⁾ and Reported profit before tax (£m)



Strategic relevance: SSE's objective is to earn a sustainable level of profit over the medium term.

Performance: Adjusted PBT reflects the operating loss incurred by Energy Portfolio Management.

Focus on both financial and non-financial KPIs.



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What did we look for?

- A fair and balanced reflection of financial performance which is consistent with the underlying financial statements
- Useful comparisons of actual performance against expected/budgeted performance
- Linkages between financial performance, strategic objectives and key performance indicators

1



Clear comparison between the main categories of income and expenditure

2



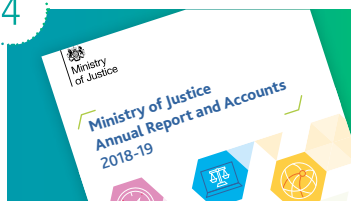
Use of graphics to bring to life key figures in the financial statements

3



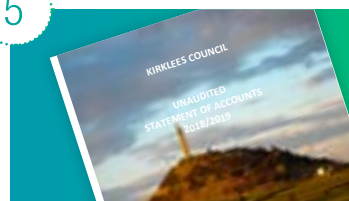
Key financial achievements within the chief financial officer's introduction

4



How spend is split between a Department's key components

5



Categories of spend in an illustrative format

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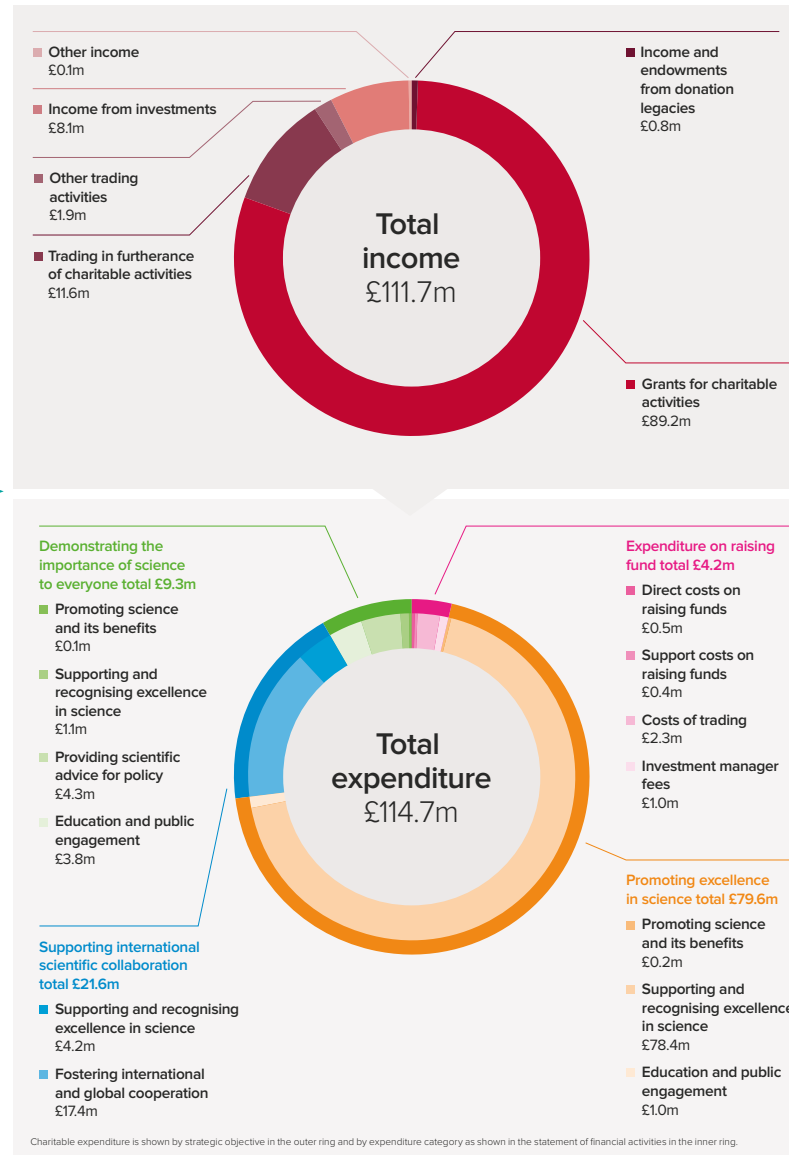
Understandable

FINANCIAL PERFORMANCE

1 Clear comparison between the main categories of income and expenditure



Summary of main streams of income and expenditure within the charity. Side by side this creates a direct comparison of what the income generated is used for in the business.



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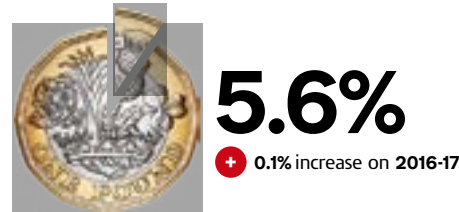
Understandable

2 Use of graphics to bring to life key figures in the financial statements

The pound coin pie chart cleverly illustrates the tax gap between what should be paid in tax to HMRC and the amount actually collected.

HMRC is transparent in showing how much tax it has collected.

Figure 3: UK tax gap in 2017-18



Value of the tax gap: **2017-18**

By customer group		By type of tax	By behaviour
£14.0bn Small businesses		£12.9bn IT, NICs and CGT ¹	£6.4bn Failure to take reasonable care
£7.7bn Large businesses		£12.5bn Value Added Tax	£6.2bn Legal interpretation
£4.9bn Criminals		£5.2bn Corporation Tax	£5.3bn Evasion
£4.3bn Mid-sized businesses		£2.7bn Excise duties	£4.9bn Criminal attacks
£3.9bn Individuals		£1.6bn Other taxes	£3.9bn Non-payment
			£3.4bn Error
			£3.0bn Hidden economy
			£1.8bn Avoidance

The accompanying narrative describe the reasons for the tax gap and how HMRC is dealing with these instances.

Of the £35 billion tax gap, the largest proportion (40%) can be attributed to small businesses, followed by large businesses at 22%. The tax gap is due to a range of behaviours, some deliberate - such as evasion - and some non-deliberate - such as error and failure to take reasonable care

We are taking steps to tackle the underlying causes of the tax gap - reducing error by making it easier for individuals to pay tax through online digital services, and by launching Making Tax Digital for VAT-registered businesses, which requires them to keep digital records and submit their VAT return using compatible software. You can read about the steps we're taking to respond to evasion and criminal attacks on pages 29 to 33.

HMRC's Measuring tax gaps report go to www.gov.uk/government/statistics/measuring-tax-gaps



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3 Key financial achievements within the chief financial officer's introduction



Group performance Introduction from our Chief Financial Officer



	Outlook provided in May 2018	Result	Performance against outlook	2019/20 outlook
Change in underlying ^a revenue	Down c2%	Down 0.9%	✓	
Change in adjusted ^b revenue				Down c2%
Adjusted ^b EBITDA	£7.3bn–£7.4bn	£7.4bn	✓	£7.2bn–£7.3bn
Capital expenditure ^c (excluding BDUK clawback)	c£3.7bn	£3.8bn	×	£3.7bn–£3.9bn
Normalised free cash flow ^d	£2.3bn–£2.5bn	£2.4bn	✓	£1.9bn–£2.1bn

^a Underlying revenue excludes specific items, foreign exchange movements, acquisitions and disposals.
^b Items presented as adjusted are stated before specific items. See page 185 for more information.
^c Additions to property, plant and equipment and intangible assets in the period
^d After net interest paid, before pension deficit payments (including the cash tax benefit of pension deficit payments) and specific items.

Clear tabular summary of the key financials and how BT performed against outlook. This is at the top of the Group performance section from the chief financial officer, which shows accountability for and transparency of BT Group's achievements.



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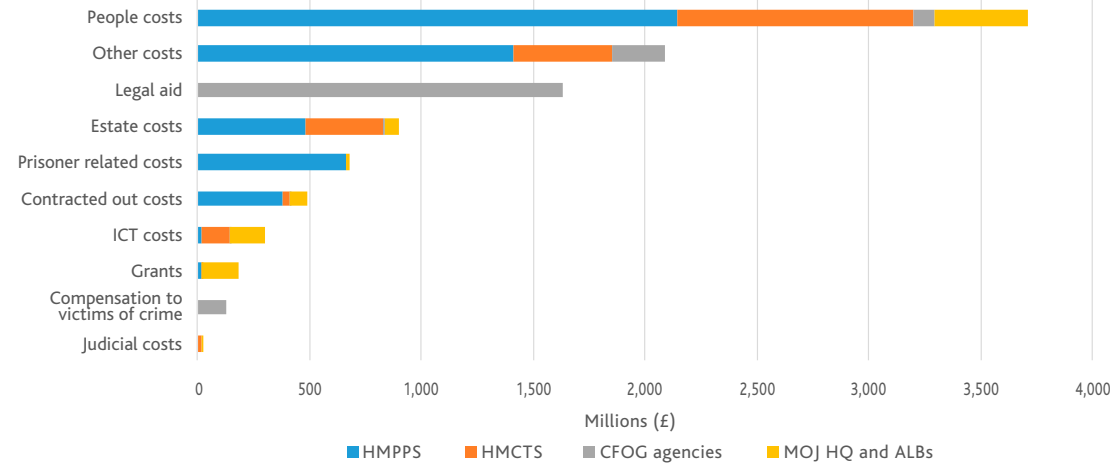
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4 How spend is split between a Department's key components



Figure 2: Departmental expenditure



Clear tabular graph showing where money is spent broken down by the categories of expenditure and the key entities of the Ministry of Justice Group.

Note: HMCTS - Her Majesty's Courts and Tribunals Service; CFOG - Chief Finance Officer Group; MOJ HQ and ALBs - Ministry of Justice headquarters and arms length bodies

5 Categories of spend in an illustrative format





National Audit Office

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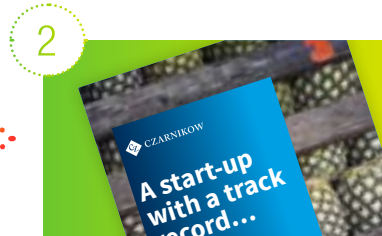


What did we look for?

- Use of plain English, graphics and appropriate layout to enable the user to understand and gauge the importance of the information presented
- Clear structure to help users navigate the annual report
- Concise summaries with links to further information as required
- Provision of different mediums to communicate important information



Information boxes



Glossary



Consistent use of icons



Easy-to-understand graphics



Annual report on a page



A clear key



Consistent colour scheme



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1 Information boxes



Throughout the annual report, HMRC makes use of blue "In focus" boxes, which provide the reader with more information about the services it provides to the taxpayer and how the reader can take advantage. HMRC has identified what is important to the reader and made its report a useful, accessible document.

In focus: Help to Save

In September 2018 we launched Help to Save, a government initiative to support working people on low incomes build up a rainy day fund and encourage an ongoing savings habit.

By paying in up to £50 per month over four years, savers can receive up to £1,200 in tax-free bonuses. By the end of the year over 90,000 accounts had been opened and over £13 million saved.





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2 Glossary



Glossary

BILL OF LADING

A transportation document for goods shipped by sea. It is issued by a carrier or their agents usually in the form of an Ocean bill (Marine bill of lading). It serves as an official receipt for the goods taken on board the ship and also as a proof of ownership (title) of the goods.

BIOENERGY/BIOMASS

Bioenergy is a form of renewable energy derived from biomass (organic material).

CCL

C. Czarnikow Limited. Parent Company of Czarnikow Group Limited.

CD (CERTIFICATE OF DEPOSIT) CDA/WA (AGRICULTURAL CERTIFICATE OF DEPOSIT/AGRICULTURAL WARRANT)

Various types of credit promised against agricultural products deposited in warehouses. A CDA is similar to a CD but offers greater security as it provides title to the sugar. A WA is a warrant that gives right to security as described in the corresponding CDA.

CGL

Czarnikow Group Limited. Principal operating company of C. Czarnikow Limited.

CMA (COLLATERAL MANAGEMENT AGREEMENT)

A tri-partite agreement between bank(s), the cargo owner and the collateral management service provider which enables the bank to provide finance to the cargo owner under tighter controls over the collateral in a warehouse.

DEMURRAGE

A compensation cost for delay when, for example, a commercial vessel is prevented from loading or discharging cargo within the stipulated time period.

DERIVATIVES

A security whose price is dependent upon or derived from one or more underlying assets, such as options and futures which are 'derived' from shares, bonds, currencies, commodities, etc.

ELEVATED SUGAR/ELEVATION

The processing of sugar through a port and its loading onto a vessel.

EXCHANGE-TRADED CONTRACTS (ETC)/ EXCHANGE-TRADED DERIVATIVES (ETD)

For derivatives, standardised contracts (e.g. futures contracts and options) that are transacted on a recognised exchange.

FCA (FINANCIAL CONDUCT AUTHORITY)

The Financial Conduct Authority is the conduct regulator for 58,000 financial services firms and financial markets in the UK, and the prudential regulator for over 18,000 of those firms.

FCR (FORWARDER'S CERTIFICATE OF RECEIPT)

A freight forwarder prepares a FCR to confirm that it has taken over the consignment and assumes responsibility for the goods.

FREE ON BOARD (FOB)

An international commercial term 'incoterm' describing sugar, or another commodity, that has been 'elevated' at a port onto a ship. (cf Elevated Sugar/ Elevation)

GDP (GROSS DOMESTIC PRODUCT)

Gross domestic product (GDP) is the value of all finished goods and services produced within a country, normally calculated annually. GDP is commonly used as an indicator of the economic health of a country.

INDUSTRIAL CONSUMER

For Czarnikow, food and beverage manufacturers and ethanol processors.

LIGHT ASSETS

Small or medium-sized assets/ infrastructure, typically warehouse facilities or sugar silos, facilitating logistics operations.

MAD/MAR

The Market Abuse Directive (MAD) was adopted in 2003 and established an EU-wide framework for tackling insider dealing and market manipulation. In April 2014, a new Market Abuse Regulation (MAR) and a new Directive on criminal sanctions (MAD II) were adopted and came into force in July 2016.

MIFID

The Markets in Financial Instruments Directive is a European Union law that provides regulation for investment services across the member states of the European Economic Area. Its main objectives are to increase competition and consumer protection in investment services.

MT and MTRV

Metric tonnes and Metric tonnes raw value.

NO. 5 WHITE SUGAR CONTRACT

White sugar is traded on the Intercontinental Exchange (ICE) Futures Europe in US\$/metric tonnes. It is officially traded as the White Sugar Futures contract but is commonly known as contract No. 5 (its former contract name).

NO. 11 RAW SUGAR CONTRACT

World market raw sugar is traded on the Intercontinental Exchange (ICE) Futures U.S. in USc/lb and is commonly known as the No. 11 raw sugar contract.

NON-RECOURSE LINES

A contract in which the lender cannot claim the loan amount and assumes the risk of non-payment if the buyer defaults.

OECD (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT)

The OECD's mission is to promote policies that will improve the economic and social well-being of people around the world.

OFF-TAKER

A buyer of goods who has agreed with the producer to purchase/sell portions of their future production.

OTC (OVER-THE-COUNTER)

Trading in derivatives on a market outside the jurisdiction of a recognised exchange.

SMA (STOCK MANAGEMENT AGREEMENT)

An agreement for a stock financing solution where the terms allow flexibility and the financing party does not require strong control over the commodity.

SYNTHETIC OWNERSHIP

Ownership which is taken on in the form of securities rather than by buying physical assets.

TEU

Twenty-foot equivalent unit, used to refer to a standard 20-foot x 8-foot shipping container.

TOLLING

An arrangement whereby raw material is supplied to the producer for the refining process and the seller maintains ownership and receives the end product.

USMCA

United States-Mexico-Canada Agreement.

A glossary of acronyms and key technical terms helps users to understand the narrative within the annual report, making it more accessible to users.

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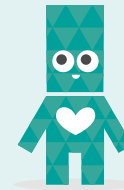


Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH) 2018-19, (page 18)

Our Care priority

We will achieve the best possible outcomes through providing the safest, most effective and efficient care

We aim to deliver high-quality specialised care to our patients every day. We also continuously look to the future to innovate the care that we provide. This year we have seen outstanding examples of innovation from collaboration with national and international partners to deliver world-leading paediatric care.



CARE

Objective	Achievements
Be recognised for our expertise and clinical innovation in developing, delivering and leading specialised paediatric services.	<ul style="list-style-type: none"> We became the first hospital in the UK to offer a pioneering cancer therapy, known as CAR-T therapy, to NHS patients with B-cell acute lymphoblastic leukaemia. These therapies are specifically tailored for individual patients. A team from GOSH and University College London Hospitals (UCLH) carried out the first two operations on the damaged spinal cords of babies in the womb, in what are the first surgeries of their kind in the UK (see page 19).

Annual report centred around strategy with clear links to priorities, vision and objectives.

Each strategic priority has a section which details the key objectives and achievements to date. The sections are headed up by a different mascot, which is a common feature throughout the annual report.

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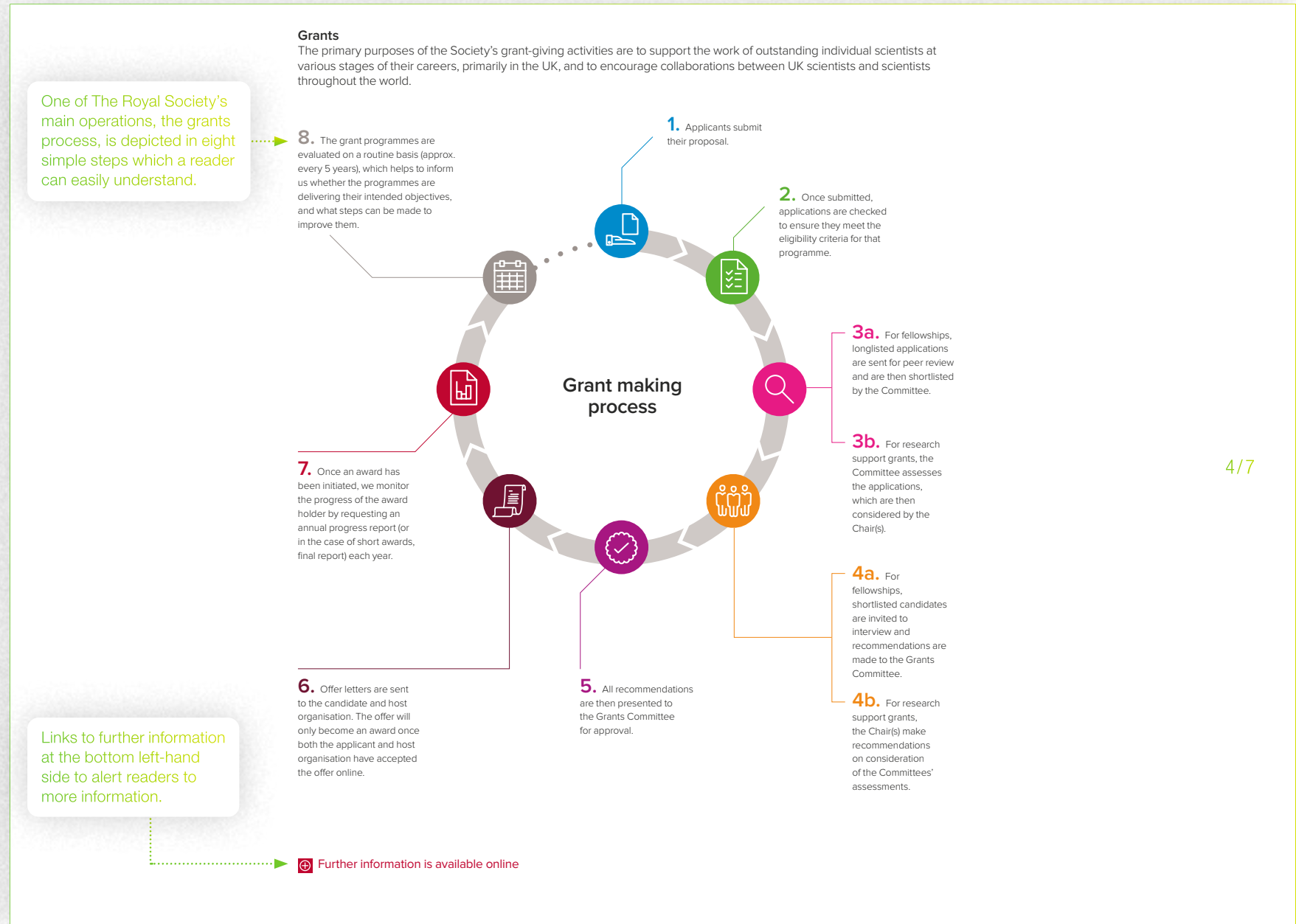
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4 Easy-to-understand graphics





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6 Annual report on a page



What's inside this report

A concise one-page summary showing the key features of the annual report is useful, especially for particularly long annual reports.

Strategic Report pages 2 to 46			
Our leadership team discusses the year and the future for Barclays		Chairman's letter A solid foundation for the future Page 02	Chief Executive's review We are delivering on our strategy Page 05
		Operating environment A constantly evolving operating environment Page 08	
Our structure, strategy and how we measure our performance			
Purpose and values We are a company of opportunity makers Page 10	Strategy Playing to our strengths Page 12	Business model Working together to help people rise Page 14	Stakeholder engagement Engaging stakeholders for feedback and direction Page 16
			Key performance indicators Measuring performance Page 18
			Risk management Structure and governance overseeing risk Page 28
An update on our businesses			
Barclays UK Operating model, market opportunities, and how we deliver on our strength as a UK consumer and business bank Page 30		Barclays International Operating model, market opportunities, and how we deliver on our strength as a global wholesale and consumer bank Page 34	
Personal Banking Barclaycard Consumer UK Business Banking Page 32 Page 32 Page 33		Corporate and Investment Bank Consumer, Cards and Payments Page 36 Page 37	
Barclays Execution Services Operating model and how we provide efficiencies and innovation for the Group Page 38			
Governance compliance			
Compliance with The UK Corporate Governance Code 2016 Page 40		Viability statement Page 42	Non-financial information statement Page 44
Governance	Financial review	Financial statements	
Governance contents 47	Financial review contents 223	Financial statements contents 247	
Directors' report 48	Key performance indicators 224	Consolidated financial statements 256	
People 93	Consolidated summary income statement 226	Notes to the financial statements 264	
Remuneration report 99	Income statement commentary 227		
	Consolidated summary balance sheet 228		
	Balance sheet commentary 229		
Risk review	Analysis of results by business 230	Shareholder information	
Risk review contents 127	Margins and balances 240	Key dates, Annual General Meeting, Dividends, useful contact details, managing your shares online and how to obtain alternative formats of shareholder documents 360	
Risk management 129	Non-IFRS performance measures 241		
Material existing and emerging risks 131			
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6 A clear key



Key

Status of risk

- High risk
- Medium risk

Only significant risks are presented in the table below therefore none have been rated as low risk

Change of status

- Increased risk
- No change
- Decreased risk

Key strategic priorities at risk

- Promoting excellence in science
- Supporting international scientific collaboration
- Demonstrating the importance of science to everyone

Risk	Key strategic priorities at risk	Management	Status of risk
Broad political context in which the Society operates remains unsettled making short-term planning difficult, in particular because of uncertainty related to Brexit.		<ul style="list-style-type: none"> Continue to work with many partners, in the UK, in the rest of Europe, and globally. Advocate for and promote future arrangements for international collaboration, and the ability of the UK to continue to attract outstanding scientists from overseas, funding for UK science, and regulatory matters. Provide advice and build relationships. 	
Funding reduced or remaining static has a negative impact on the Society's ability to support excellent science.		<ul style="list-style-type: none"> Strengthen existing relations and develop new relationships, seeking to secure additional funding and diversify sources of funding. Improve arrangements for financial planning. Increased investment in primary-purpose trading activity. 	

A clear key helps users navigate the annual report. It is easy to identify linkages to strategic priorities with the consistent use of colour.

The significance of the risk and the direction of travel are shown via the coloured square and arrow.

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7 Consistent colour scheme



[Sky Gender Pay Gap Report 2018](#) and [Sky Modern Slavery Statement 2018](#), (page 3)

GENDER PAY GAP REPORT 2018

Sky's consistent use of colour throughout its corporate reports help integrate its wider corporate objectives with the annual report. Sky's annual report clearly provides links to its corporate reports so the reader can find out more information.

Our values

- Forward-looking & restless**
We are optimists. We believe in a better tomorrow and are not afraid to challenge the status quo
- Creative & action-orientated**
We believe in forging our own path through the power of new ideas
- Customer-led & simplifying**
We believe in making things better and simpler for our customers
- Collaborative & inclusive**
We believe in the power of diverse teams and individuals working together to deliver outstanding performance
- Fair & responsible**
We believe in doing the right thing for our customers, our people, communities and shareholders

7/7